Disciplinary and Other FINRA Actions

Firms Fined, Individuals Sanctioned

Birkelbach Investment Securities, Inc. (CRD® #11490, Chicago, Illinois) and Carl Max Birkelbach (CRD #1177843, Registered Principal, Chicago, Illinois) submitted an Offer of Settlement in which the firm and Birkelbach were censured and fined $10,000, jointly and severally. Birkelbach was fined an additional $15,000, suspended from association with any FINRA® member in any capacity for 30 days, suspended from association with any FINRA member in any principal capacity for 90 days and required to requalify by examination as a principal. The fine must be paid either immediately upon Birkelbach's reassociation with a FINRA member firm following his 30-day suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier.

Without admitting or denying the allegations, the firm and Birkelbach consented to the described sanctions and to the entry of findings that the firm, acting through Birkelbach, failed to adequately supervise to ensure the timely reporting of customer settlements. The findings stated that Birkelbach relied on an unregistered outside consultant to process NASD® Rule 3070 filings and amendments to Applications for Broker-Dealer Registration (Forms BD) and Uniform Applications for Securities Industry Registration or Transfer (Forms U4), gave the consultant inadequate instructions and guidance, and did not otherwise ensure that timely and complete filings and amendments were made. The findings also stated that Birkelbach neglected to instruct the consultant to process disclosures or otherwise take action to correct the deficiencies until a later date, even after FINRA advised him of the deficiencies. The findings also included that Birkelbach and the firm failed to ensure the timely reporting of settlements with customers on 3070 filings and the amendment of Forms BD and Forms U4 to disclose this information.

The suspension in any capacity is in effect from September 19, 2011, through October 18, 2011. The suspension in any principal capacity is in effect from September 19, 2011, through December 17, 2011. (**FINRA Case #2009016354101**)

Tradespot Markets Inc. (CRD #29683, Davie, Florida) and Mark Bedros Beloyan (CRD #1392748, Registered Principal, Davie, Florida) submitted an Offer of Settlement in which the firm was censured and fined $25,000, and Beloyan was suspended from association with any FINRA member in any capacity for one month and suspended from association with any FINRA member in any principal capacity for an additional month. In light of Beloyan's financial status,

Reported for October 2011

FINRA has taken disciplinary actions against the following firms and individuals for violations of FINRA rules; federal securities laws, rules and regulations; and the rules of the Municipal Securities Rulemaking Board (MSRB).

FINRA did not impose any monetary sanctions upon him. Without admitting or denying the allegations, the firm and Beloyan consented to the described sanctions and to the entry of findings that the firm, through Beloyan, sold over one billion shares of a low-priced stock that was neither registered with the Securities and Exchange Commission (SEC) nor exempt from registration. The findings stated that the firm, through Beloyan, its Chief Compliance Officer, failed to establish and maintain a supervisory system, including written supervisory procedures (WSPs), reasonably designed to ensure compliance with Section 5 of the Securities Act of 1933, the applicable rules and regulations regarding the distribution of unregistered and non-exempt securities. The findings also stated that the firm, through Beloyan, the firm's Anti-Money Laundering (AML) Compliance Officer (AMLCO), failed to implement or enforce the firm's AML program by failing to identify suspicious activity, properly investigate it, and report it through Form SAR-SF, as appropriate. The findings also included that the suspicious activity consisted of deposits of billions of shares of the low-priced stock of issuers in certificate form into accounts controlled by a person with a regulatory and criminal history, liquidated those shares generally soon after their deposit, and wired of the sales proceeds out of the accounts soon after liquidation.

FINRA found that despite the suspicious nature of a company's activity in a stock, the suspicious nature of the activity of the company's sole owner's non-qualified account and his regulatory and criminal history, the firm, through Beloyan, failed to conduct the necessary due diligence to determine whether they were participating in a scheme to evade registration requirements, and generally relied exclusively on the firm's clearing firm to determine whether the subject shares of stock were registered or exempt, and did not acquire a copy of the relevant stock certificates or documents regarding the owner's acquisition of the shares, thereby participating in the illicit distribution of more than 1 billion shares of unregistered and non-exempt stock. FINRA also found that despite the presence of risk indicators and the appearance of the activity at issue on exception reports, the firm, through Beloyan, either failed to identify or chose to ignore the suspicious activity, and thus failed to investigate and report the activity in contravention of federal laws, NASD/FINRA rules and the firm's AML policies and procedures. In addition, FINRA determined that the firm, through Beloyan, should have detected the suspicious nature of the activity, investigated the activity and reported it through a Form SAR-SF. Moreover, the firm, through Beloyan, failed to establish and maintain a supervisory system, including WSPs, reasonably designed to ensure compliance with Section 5, and failed to establish and maintain procedures regarding the distribution of such securities in connection with its clearing firm's acceptance of the delivery of shares of stock in certificate form and customers' subsequent sale of the same; the firm's WSPs did not require an inquiry into whether deposited shares of stock were registered with the SEC or exempt.

The suspension in any capacity was in effect from September 6, 2011, through October 5, 2011. The suspension in any principal capacity is in effect from September 6, 2011, through November 5, 2011. (**FINRA Case #2009017590801**)

Warren D. Nadel & Company (CRD #20997, Glen Cove, New York) and Warren Douglas Nadel (CRD #811565, Registered Principal, Upper Brookville, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined $25,000, of which $5,000 was jointly and severally with Nadel. Nadel was suspended from association with any FINRA member in any capacity for 15 business days. Without admitting or denying the findings, the firm and Nadel consented to the described sanctions and to the entry of findings that they failed to timely report customer complaints via NASD Rule 3070 filings and failed to timely update Nadel's Form U4 with a customer complaint and arbitration. The findings stated that the firm failed to maintain WSPs with respect to its financials and financial reporting, and related to the handling or reporting of customer complaints. The findings also stated that the firm failed to follow its own procedures with respect to the review of electronic correspondence; firm employees conducted business with customers, or potential customers, via electronic mail despite written procedures that prohibit the use of electronic mail to communicate with customers or potential customers. The findings also included that while the procedures set out a system for documenting the review of all transactions and all incoming and outgoing written and electronic correspondence between the firm's registered representatives and the public regarding the firm's securities business, the firm was unable to evidence its adherence to such a system. FINRA found that the firm failed to establish, maintain and enforce adequate written supervisory control procedures relating to NASD Rule 3012(a). In addition, FINRA determined that the firm failed to ensure that its designated principal test and verify that the firm's supervisory system is reasonably designed with respect to the activities of its member and associated persons; and amend or create additional supervisory procedures where a need is identified by such testing and verification.

Nadel's suspension was in effect from September 6, 2011, through September 26, 2011. (**FINRA Case #2010023148501**)

Firms Fined

Avalon Partners, Inc. (CRD #41357, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined $21,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it opened accounts for corporate customers without obtaining appropriate customer identity verification information or properly verifying the customers' identities. The findings stated that the firm opened and traded in options accounts despite inadequate compliance with NASD Rule 2860; a review of options accounts opened generally revealed deficiencies in options account documentation. The findings also stated that the firm failed to approve discretionary trading accounts and failed to review discretionary trading. The findings also included that the firm failed to have adequate procedures in place for testing its supervisory procedures, and failed to have adequate policies and procedures for supervising its producing manager. FINRA found that

the firm did not submit to its senior management an annual report as NASD Rule 3012 required for two years, and failed to designate a chief compliance officer. (**FINRA Case #2008011647001**)

BATS Trading, Inc. (CRD #136734, Lenexa, Kansas) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined $307,500. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it executed numerous short sale transactions on its subscribers' behalf and failed to report each such transaction as short; as a result, the firm failed to report each of these transactions to the NASDAQ Market Center with the correct symbol indicating whether the transaction was a buy, sell, sell short or cross. The findings stated that the firm executed numerous short sale transactions and failed to report each of these transactions to the NASD/NASDAQ Trade Reporting Facility® (NNTRF) with the correct symbol indicating whether the transaction was a buy, sell, sell short or cross. The findings also stated that the firm executed over 10 million short sale transactions and failed to report each of these transactions to the FINRA/New York Stock Exchange (NYSE) Trade Reporting Facility with the correct symbol indicating whether the transaction was a buy, sell, sell short or cross. The findings also included that the firm failed to accept or decline in the NNTRF transactions in reportable securities within 20 minutes after execution that the firm had an obligation to accept or decline as the order entry identification (OEID) firm. (**FINRA Case #2006006862401**)

Brookstone Securities, Inc. (CRD #13366, Lakeland, Florida) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined $15,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to disclose and to timely disclose material information and an arbitration on Forms U4, and failed to timely disclose arbitrations on registered representatives' Uniform Termination Notices for Securities Industry Registration (Forms U5). The findings stated that the firm received separate complaints against a registered representative and reported the statistical and summary information regarding the complaint to FINRA via an NASD Rule 3070 filing, but failed to disclose that the representative was the subject of both complaints. (**FINRA Case #2009016158302**)

Cantor Fitzgerald & Co. (CRD #134, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined $125,000 and required to revise its WSPs regarding SEC Rules 203(a) and 203(b)(3) of Regulation SHO (Reg SHO). Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it executed short sale orders and failed to properly mark the orders as short. The findings stated that the firm had fail-to-deliver positions at a registered clearing agency in threshold securities for 13 consecutive settlement days and failed to immediately thereafter close out the fail-to-deliver positions by purchasing securities of like kind and quantity. The findings also stated that the firm failed to provide written notification disclosing to its customer the correct settlement date(s) for transactions.

The findings also included that the firm accepted short sale orders in an equity security from another person, or effected a short sale in an equity security for its own account, without borrowing the security or entering into a *bona fide* arrangement to borrow the security; or having reasonable grounds to believe that the security could be borrowed so that it could be delivered on the date delivery is due, and documenting compliance with SEC Rule 203(b)(1) of Reg SHO. FINRA found that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with applicable securities laws, regulations and/or FINRA rules addressing adequate WSPs with regard to SEC Rules 203(a) and 203(b)(3) of Reg SHO. FINRA also found that the firm submitted inaccurate reports to FINRA concerning NYSE, NYSE American Stock Exchange (AMEX) and NASDAQ short interest positions at the firm. In addition, FINRA determined that the firm had a fail-to-deliver position at a registered clearing agency in a threshold security for 13 consecutive settlement days, and without closing out the fail-to-deliver position by purchasing securities of like kind and quantity, it failed to borrow the security or enter into a bona fide arrangement to borrow the security before executing proprietary short sales in the security. (**FINRA Case #2006006144001**)

Carty & Company, Inc. (CRD #7001, Memphis, Tennessee) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined $25,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to deliver official statements to customers who purchased new issue municipal securities during the primary offering disclosure period by the settlement date; the firm was neither an underwriter nor part of the underwriting syndicate, but was required to deliver an official statement to each customer by the settlement date. The findings stated that the firm failed to adopt, maintain and enforce adequate WSPs pertaining to the firm's requirement to deliver official statements to customers purchasing new issue municipal securities in secondary market transactions. (**FINRA Case #2009018036501**)

CBG Financial Group, Inc. (CRD #6578, Boca Raton, Florida) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined $50,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it allowed a statutorily disqualified person to associate with the firm. The findings stated that the individual acted in an associated capacity for the firm, with its knowledge and consent, by keeping regular business hours at the firm, maintaining a desk at the firm's office, a telephone extension at the firm, and a firm-sponsored email account; regularly communicating with customers in an effort to maintain their accounts at the firm and to preserve his relationships with them; and handling administrative matters for the firm. The findings also stated that the firm initiated numerous telephone solicitations to persons whose numbers were in the national do-not-call registry of the Federal Trade Commission (DNC Registry) at the time of the calls. The findings also included that to achieve compliance with telemarketing rules and regulations, the firm used, and still uses, a system that blocks outbound phone calls to phone numbers

in the DNC Registry. FINRA found that in order to call a phone number in the DNC Registry from a firm phone line, the firm must manually place the number on a list in the system (Allow List); calls to phone numbers on the Allow List bypass the screening system, irrespective of whether the number is in the DNC Registry. FINRA also found that a firm principal added numerous phone numbers to the Allow List; the numbers came from leads that the firm had purchased. In addition, FINRA determined that the firm maintained that it thought the leads consisted solely of business phone numbers that are not subject to certain do-not-call restrictions. Moreover, FINRA found that the firm placed calls to phone numbers that it had added to the Allow List; a substantial percentage were personal phone numbers that were in the DNC Registry when the firm initiated telephone solicitations to them. (**FINRA Case #2010021106701**)

Clark Dodge & Co., Inc. (CRD #23288, White Plains, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined $100,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it conducted a securities business while failing to meet its minimum net capital requirements and, as a consequence, filed inaccurate Financial and Operational Uniform Single (FOCUS™) Reports. The findings stated that the firm failed to accurately calculate its net capital as a result of its use of the improper statutory minimum net capital requirement in its calculations. The findings also stated that the firm failed to give notification to the SEC or FINRA that its total net capital was less than 120 percent of the required minimum net capital. The findings also included that the firm failed to effectively implement its Customer Identification Program (CIP) as required under the Bank Secrecy Act (BSA) regulations; this resulted in the firm failing to obtain, verify and maintain the required CIP records and documents for customer accounts that were opened at the firm for almost a year, and the firm did not have photo or non-documentary verification for some of the accounts.

FINRA found that the firm failed to conduct an independent test of its AML program one year and failed to conduct an adequate independent test of its AML program another year; the AML test was inadequate in that it only included a review of the main office's compliance with AML procedures and did not review activity at the firm's branches, especially its largest revenue-producing branches. FINRA also found that the independent tester relied on assurances from the firm's AMLCO that the AML procedures were followed at the other branches; the two-page summary of the AML test for one year was too general in terms of its scope. In addition, FINRA determined that although the firm developed written procedures providing for annual independent AML testing, it failed to implement those procedures to conduct an AML test one year or to conduct an adequate test another year. Moreover, FINRA found that the firm failed to have a written policy for maintaining a do-not-call list in compliance with provisions of the national DNC Registry and comply with the prohibition against telephone solicitation of persons registered with the DNC Registry, and firm employees called telephone numbers that were registered with the DNC Registry. Furthermore, FINRA found that the firm did not effectively implement its

written procedures to ensure compliance with its do-not-call obligations and failed to maintain its own firm-specific do-not-call list. The findings also stated that the firm's branch managers were maintaining lists that were only specific to their branch offices. The findings also included that the firm failed to properly carry out its supervisory responsibility with regard to a website a registered representative at the firm maintained; the registered representative maintained the website in connection with an approved outside business activity involving investment banking, of which the firm was aware but took no steps to review or monitor the website's content. FINRA found that the firm allowed registered representatives, who were employed at its Offices of Supervisory Jurisdiction (OSJs), to be paid commissions through unregistered entities rather than paying them directly. (**FINRA Case #2008011692601**)

Continental Investors Services, Inc. (CRD #29775, Longview, Washington) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined $35,000 and required to revise its WSPs regarding fair pricing for municipal securities transactions. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it sold municipal securities for its own account to a customer at an aggregate price (including any markdown or markup) that was not fair and reasonable, taking into consideration all relevant factors, including the best judgment of the broker, dealer or municipal securities dealer as to the fair market value of the securities at the time of the transaction and of any securities exchanged or traded in connection with the transaction, the expense involved in effecting the transaction, the fact that the broker, dealer or municipal securities dealer is entitled to a profit and the total dollar amount of the transaction. The findings stated that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with applicable securities laws, regulations and Municipal Securities Rulemaking Board (MSRB) rules concerning fair pricing for municipal securities transactions. (**FINRA Case #2009018104501**)

DMG Securities, Inc. (CRD #15480, Great Falls, Virginia) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined $12,500. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that its supervisory system and WSPs were not reasonably designed to ensure that the markups and markdowns it charged in effecting transactions with customers as principal were fair and otherwise achieved compliance with applicable laws, rules and regulations set forth in NASD Rule 2440 and Interpretative Material 2440-1, including but not limited to how the various factors and circumstances should be applied or weighed in determining an appropriate markup or markdown on a transaction effected with a customer as principal, or what bearing particular factors should have in determining the markup or markdown to be charged on a principal transaction with a customer. The findings stated that the firm's WSPs did not contain reasonable procedures for conducting supervisory reviews of markups and markdowns in principal transactions with customers, including procedures for assessing the factors and circumstances set forth in NASD Rule 2440 and Interpretative Material 2440-1 and other relevant guidance. The findings also

stated that the firm's written procedures did not establish reasonable standards or criteria for evaluating, in conducting supervisory reviews, the fairness of markups and markdowns charged in principal transactions with customers. (**FINRA Case #2011028330001**)

EBX LLC dba Level ATS (CRD #138138, Boston, Massachusetts) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined $30,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it transmitted reports to the Order Audit Trail System (OATS™) that were incorrectly submitted with a "not held" special handling code, and one report was submitted with an incorrect limit price. The findings stated that for one month, the firm made available a report on the covered orders in national market system securities that it received for execution from any person and in several instances, it failed to include eligible orders in its report and in some instances, it published incorrect order execution information. (**FINRA Case #2010021563701**)

FISN, Inc. dba First Internet Securities Network (CRD #18498, Bethesda, Maryland) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined $10,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it bought or sold corporate bonds from or to customers and failed to buy or sell such bonds at a price that was fair, taking into consideration all relevant circumstances, including market conditions with respect to each bond at the time of the transaction, the expense involved and that the firm was entitled to a profit. (**FINRA Case #2009017410701**)

FIG Partners, LLC (CRD #41554, Atlanta, Georgia) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined $10,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to report to the Trade Reporting and Compliance Engine™ (TRACE™) transactions in TRACE-eligible securities within 15 minutes of execution time. The findings stated that the firm failed to record and report the correct execution time on the memorandum of these brokerage orders. (**FINRA Case #2010021650901**)

Frost Brokerage Services, Inc. (CRD #17465, San Antonio, Texas) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined $200,000 and required to certify to FINRA in writing within 120 days of acceptance of the AWC that it currently has in place systems and procedures reasonably designed to achieve compliance with the requirements of Section 17(a) of the Securities Exchange Act of 1934, Rule 17a-4 thereunder and NASD Rule 3110 concerning the preservation of electronic communications. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it did not retain internal emails firm registered representatives sent or received for three years, and did not retain emails in a non-erasable, non-rewritable format. The findings stated that the firm used an internally created email retention system that retained email between firm registered representatives

and individuals outside the firm, but did not retain internal email; instead, the firm retained internal email through the use of backup tapes, which the firm archived for less than the required three year period. The findings also stated that the firm implemented a new email retention system an outside vendor created to retain registered representatives' emails, and for an unknown number of emails, there was a difference in the time the firm registered representative sent or received the email and the timestamp on the email as saved in the archive of the new email retention system; in some instances, the difference was a matter of seconds, and as a result, the timestamps on an unknown number of emails in the archive of the new email retention system differed from the times firm registered representatives sent or received those emails. The findings also included that while attempting to gather emails in response to a FINRA investigation, the firm discovered that, due to a problem with the new email retention system, certain emails were being held in a database of the new system and were not moving to the archive portion of the system.

FINRA found that the firm performed certain upgrades to the new email retention system in an attempt to move those emails from the database to the archiving portion of the system; prior to performing the upgrade, the firm did not copy the contents of the database where the emails were being held. FINRA also found that during the upgrade, a default configuration superseded the customized server configuration that the outside vendor had originally utilized for the system, which resulted in a loss of certain header information when those emails were moved from the database to the archiving portion of the system. In addition, FINRA determined that in a statement submitted to FINRA, the firm reported the problem that resulted in email being ingested in the new email retention system without certain header information. Moreover, the new system also malfunctioned during parts of a year, which led to gaps in its email retention and the loss of emails responsive to FINRA's investigation; neither the firm nor the outside vendor was able to determine the cause of the malfunction or the total number of emails lost as a result of the malfunction. Furthermore, FINRA found that the firm did not retain or review emails firm registered representatives sent from firm-issued electronic devices to individuals outside the firm. The findings also stated that the firm did not establish and maintain a supervisory system, including WSPs, reasonably designed to retain emails firm registered representatives sent or received for the required three-year period, to retain emails firm registered representatives sent from firm-issued electronic devices to individuals outside the firm, and to review electronic communications. The findings also included that the firm did not establish a supervisory system, including WSPs, reasonably designed to detect and prevent malfunctions in the new email retention system. (**FINRA Case #2008014620601**)

Global United Securities Ltd. (CRD #16556, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined $10,000 and required to provide for the independent testing of its AML program within 30 days of acceptance of the AWC and provide to FINRA within 60 days of acceptance of the AWC both a copy of the independent testing findings and evidence that any recommendations and corrective measures set forth therein have been implemented. In light of the firm's

revenues and financial resources, among other things, a lower fine was imposed. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it preserved email in a manner that permitted deletion and alteration instead of in a non-rewritable, non-erasable format. The findings stated that the firm failed to establish adequate policies and procedures designed to detect and report suspicious activity. The findings also stated that the firm failed to review and monitor the list maintained by the Financial Crimes Enforcement Network (FinCEN) of individuals under investigation for money laundering and terrorist activities, determine whether any individuals on the list had accounts at the firm, and obtain either documentary or non-documentary identity verification for at least one account owner sampled. The findings also included that the firm failed to provide for and evidence the independent testing of its AML program for several years. FINRA found that the firm failed to prepare an annual report to senior management regarding its supervisory control procedures, and failed to designate and specifically identify to FINRA one or more principals who shall establish, maintain and enforce a system of supervisory control policies and procedures. FINRA also found that the firm failed to maintain supervisory control policies and procedures required by NASD Rule 3012(a), including procedures for designating one or more principals in charge of establishing, maintaining and enforcing the firm's system of written supervisory control procedures; testing and verifying that the firm's WSPs are reasonably designed to achieve compliance with applicable securities laws, regulations and NASD/FINRA rules; drafting and approving new written procedures when the need is identified by testing and verification; documenting and electronically notifying NASD/FINRA of the firm's use of the limited size and resources exception; reviewing and monitoring the transmittal of funds and securities from customer accounts, customer changes of address, and customer changes of investment objectives; a means or method of customer confirmation, notification or follow-up that can be documented; and preparing an annual report to senior management on the firm's supervisory controls and procedures. In addition, FINRA determined that the firm's Chief Executive Officer (CEO) failed to certify that the firm has in place processes to establish, maintain, review, test and modify written compliance policies and written supervisory policies designed to achieve compliance with applicable NASD/FINRA rules, MSRB rules and federal securities laws and regulations, and that the CEO had conducted one or more meetings with the chief compliance officer in the preceding 12 months to discuss such processes. Moreover, FINRA found that the firm failed to maintain a blotter of checks and securities that it received and forwarded to its clearing firm. (**FINRA Case #2010020939401**)

Grigsby & Associates, Inc. (CRD #13364, San Francisco, California) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined $12,500 and required to revise its WSPs with respect to timely reporting to the Real-time Transaction Reporting System (RTRS). Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to report information regarding transactions effected in municipal securities to the RTRS within 15 minutes of

trade time to an RTRS Portal. The findings stated that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with applicable securities laws, regulations and MSRB rules concerning timely reporting to the RTRS. (**FINRA Case #2009020522201**)

J.J.B. Hilliard, W.L Lyons, LLC (CRD #453, Louisville, Kentucky) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined $30,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it accepted orders for short sales without either borrowing or entering into an arrangement to borrow the shares, or having reasonable grounds to believe that it could borrow shares so they could be delivered by the settlement date. The findings stated that the firm failed to document its compliance with Reg SHO Rule 203's borrowing and locate requirements with respect to additional short sales such that the firm could not demonstrate that it entered the short sale orders only after it had a reasonable basis to believe that shares could be delivered by the settlement date. The findings also stated that the firm did not comply with Reg SHO Rule 204's close-out requirements with respect to fail-to-deliver positions. The findings also included that the firm did not have adequate procedures in place to ensure that it complied with the locate provisions of Reg SHO Rule 203 or the closeout provisions of Reg SHO Rule 204; while the firm made several revisions to its procedures, the revisions were not adequate to bring the firm into compliance with the Reg SHO rules. FINRA found that in addition to requiring its registered representatives to contact the Settlements Department so that a locate could be performed, the firm created a spreadsheet to track and monitor the locates obtained; the firm, however, had no systematic controls to prevent a representative from electronically entering a short sale order into its system without a locate and as such, the firm continued to accept certain short sale orders without first obtaining a locate. In addition, FINRA determined that the firm developed a system under which it reviewed all short sales on a T+1 basis to determine whether a locate had been obtained prior to the order being entered into the firm's systems; any short sales entered on the system that did not have an approved locate were immediately closed out on the system. FINRA also found that the T+1 review was not in compliance with Reg SHO Rule 203, which requires broker-dealers to have reasonable grounds to believe a security can be borrowed prior to the acceptance of a short sale order. As of August 2011, FINRA found that the firm updated its procedures in an effort to ensure that orders for short sales would no longer be accepted before obtaining a locate by preventing registered representative from electronically entering a short sale into the Firm's order entry system. Furthermore, FINRA found that with respect to the close out provisions of Rule 204, during one year, the firm's WSPs did not address the resolution of fail-to-deliver positions related to long and short sales. (**FINRA Case #2010023303101**)

M&I Financial Advisors, Inc. (CRD #16517, Milwaukee, Wisconsin) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined $27,500. Without admitting or denying the findings, the firm consented to the described sanctions

and to the entry of findings that it failed to report accurately certain corporate securities transactions to TRACE. The findings stated that the firm reported duplicate trades for TRACE-eligible securities transactions executed with customers, failed to report the agency transaction with the executing broker-dealer or other customer for TRACE-eligible securities agency transactions; and failed to report an accurate time of execution for TRACE-eligible securities agency transactions. The findings also stated that the firm failed to comply with the reporting requirements set forth by the MSRB in that the firm failed to report the agency transaction with the executing broker-dealer or other customer for municipal securities agency transactions, failed to report accurately municipal securities agency transactions in that it failed to report an accurate time of execution for each transaction, and failed to report executed municipal securities principal transactions. The findings also included that for principal transactions with customers associated with a contemporaneous transaction with the executing broker-dealer or another customer, the firm reported the transaction with the customer but failed to report the transaction with the executing broker-dealer or other customer; for principal contemporaneous trades, the firm failed to report all resulting transactions, and for principal transactions that were not associated with a contemporaneous transaction, the firm failed to report the trades. FINRA found that order memoranda for TRACE-eligible securities transactions and municipal securities transactions the firm executed with customers failed to accurately disclose the receipt time. FINRA also found that the trade confirmations for TRACE-eligible securities transactions the firm executed with customers failed to disclose the firm's capacity accurately. In addition, FINRA determined that the firm failed to establish and maintain an adequate supervisory system, including written procedures, reasonably designed to achieve compliance with the reporting requirements for TRACE-eligible and municipal securities transactions, and the creation of confirmations and order memoranda related to such transactions. (**FINRA Case #2010021315301**)

Matrix Capital Group, Inc. (CRD #33364, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined $10,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to transmit Reportable Order Events (ROEs) to OATS that the firm was required to transmit. The findings stated that the firm transmitted Route Reports to OATS with an incorrect destination code. The findings also stated that the firm failed to provide documentary evidence that it performed the supervisory reviews set forth in its WSPs concerning OATS reporting. (**FINRA Case #2009018953801**)

Mid Atlantic Capital Corporation (CRD #10674, Pittsburgh, Pennsylvania) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined $30,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it used its Special Reserve Bank Accounts for the Exclusive Benefit of Customers as operating accounts. The findings stated that the use of the Reserve Bank accounts as operating accounts involved wire transfers and checks into and out of the account on a monthly basis. The findings also stated that the extraneous transactions

involved excess funds not deposited on customers' behalf; no customer funds were used for any of these extraneous transactions. The findings also included that the firm operated a mutual fund clearing business for assets of employee benefit plans (the firm was self-clearing for this portion of their business), and a retail brokerage business for which the firm was an introducing broker-dealer. FINRA found that in the course of operating its self-clearing business, the firm collected mutual fund commissions, 12b-1 fees and dealer service fees from the mutual funds, deposited those monies into its Reserve Bank Accounts, and distributed those funds to employee benefit plans, third-party administrators, trust companies, or the introducing broker, based on the introducing broker's instructions. FINRA also found that the firm received those payments into its Reserve Bank Accounts, effectively using the reserve accounts as operating accounts. (**FINRA Case #2010023709301**)

Miller Tabak Roberts Securities, LLC (CRD #41025, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined $10,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to report to TRACE the correct execution time for transactions in TRACE-eligible securities, and also failed to report the same transactions in TRACE-eligible securities to TRACE within 15 minutes of the execution time. The findings stated that the firm failed to show the correct execution time on the memorandum of some brokerage orders. (**FINRA Case #2009020242801**)

Neuberger Berman LLC (CRD #2908, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined $12,500. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to timely report ROEs to OATS; transmitted Route or Combined Order/Route Reports to OATS that the OATS system was unable to link to the identified receiving firm's related new order report due to inaccurate, incomplete, or improperly formatted data; and transmitted to OATS Route or Combined Order/Route Reports that were submitted to OATS by other members where the firm was named as the Sent To Firm that the OATS system was unable to match to a related New Order Report the firm submitted. (**FINRA Case #2009018265201**)

RBC Capital Markets, LLC (CRD #31194, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured, fined $95,000 and ordered to pay $32,913.50, plus interest, in restitution to investors. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that in several transactions, it purchased municipal securities for its own account from a customer and/or sold municipal securities for its own account to a customer at an aggregate price (including any markdown or markup) that was not fair and reasonable, taking into consideration all relevant factors, including the best judgment of the broker, dealer or municipal securities dealer as to the fair market value of the securities at the time of the transaction and of any securities exchanged or traded in connection with the

transaction; the expense involved in effecting the transaction; the fact that the broker, dealer or municipal securities dealer is entitled to a profit; and the total dollar amount of the transaction. (**FINRA Case #2008013634901**)

Rice Securities, LLC dba Rice Financial Products Company (CRD #21606, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined $50,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to deliver official statements by the settlement date to numerous customers who were typically institutional investors and purchased new issue municipal securities during the primary offering disclosure period; in all of these transactions, the firm was neither an underwriter nor part of the underwriting syndicate but was required to deliver an official statement to each customer by the settlement date. The findings stated that the firm contracted with a third-party vendor to deliver official statements; but the third-party vendor failed to keep a contemporaneous record of the transaction that included the customer's name, a description of the security, the settlement date, the type of disclosure sent, the date the disclosure was sent and the name of the person(s) sending the disclosure. The findings also stated that the firm failed to conduct a review to determine whether the third-party vendor carried out the functions the firm assigned to it, as MSRB Rule G-8(a)(xiii) required. The findings also included that the firm failed to adopt, maintain and enforce WSPs reasonably designed to ensure compliance with MSRB Rules G-8 and G-32. FINRA found that at the time the firm was using a third-party provider, its WSPs did not address the use and supervision of an outside vendor, how the records of the outside vendor are to be reviewed, or who at the firm was responsible for ensuring this procedure is being followed. FINRA also found that the firm started including a notice on their confirmations that customers could access their official statement electronically, but the firm's procedures were not updated for this new process until almost a year later. In addition, FINRA determined that the firm did not implement and enforce certain procedures it had in place specifically pertaining to its obligations to deliver official statements to customers and its obligation to maintain various records pertaining to its delivery of official statements to customers who purchased new issue municipal securities. (**FINRA Case #2010023765101**)

Rice Securities, LLC dba Rice Financial Products Company (CRD #21606, New York, New York) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined $13,500. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to report S1 transactions in TRACE-eligible Agency Debt securities to TRACE within 15 minutes of the execution time. The findings stated that the firm failed to report the correct market identifier for transactions in TRACE-eligible Agency Debt securities to TRACE. The findings also stated that the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with applicable securities laws, regulations and FINRA rules concerning TRACE reporting requirements. (**FINRA Case #2010024156801**)

TD Ameritrade, Inc. (CRD #7870, Bellevue, Nebraska) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined $100,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it was required to provide its customers who purchased mutual funds a prospectus for that fund no later than three business days after the transaction but it failed to timely deliver prospectuses to its customers as required by Section 5(b)(2) of the Securities Act. The findings stated that the firm satisfied its mutual fund prospectus delivery obligation by contracting with a third-party service provider for the delivery of prospectuses, including mutual fund prospectuses. The findings also stated that on a daily basis, the firm forwarded to the service provider an electronic file containing a list of all transactions requiring customer delivery of a prospectus; in response to the list, the firm received daily reports from the service provider identifying, among other things, all mutual fund transactions for which the service provider had being unable to deliver a prospectus to the firm customer by the settlement date (the exceptions); the service provider also provided the firm with an explanation code for each exception identified in the reports. The findings also included that the firm's procedures required its operations department on a daily basis to review the reports, correct any issues identified as exceptions, and provide the updated information back to the service provider in order to ensure that the service provider delivered the appropriate offering documents; the firm's personnel had daily contact with the service provider's personnel to resolve exceptions on the reports, along with other issues relating to delivery of prospectuses.

FINRA found that the firm failed to deliver on time, or failed to ensure that its service provider delivered on time, prospectuses to certain customers who purchased mutual funds; in numerous separate instances, the firm customers who purchased mutual funds did not receive a prospectus within three business days of the transaction. FINRA also found that the primary cause of the late delivery was the failure of certain mutual fund companies to maintain adequate supplies of paper copies of prospectuses; as a result, for many purchases from these fund companies, neither the service provider nor the firm could obtain a prospectus to provide to the customer on time and the firm did not take steps to influence those fund companies to keep adequate stocks of prospectuses. In addition, FINRA determined that the firm did not take other actions available to it to ensure that its customers were receiving prospectuses on time; for instance, the service provider offered a print on-demand service to allow the service provider to obtain electronic copies of mutual fund prospectuses from mutual fund companies that offered them, and then to print copies of the prospectuses and send them to the firm's customers, but the firm did not adequately address its prospectus delivery failures by using this service. Moreover, FINRA found that the firm had noticed that its customers were not receiving prospectuses on a timely basis and firm operations personnel who reviewed daily reports and updated information for the service provider had regular contact with the provider to resolve issues relating to items appearing on the report. Furthermore, FINRA found that the service provider met with firm officials on a quarterly basis to provide statistical data regarding, among other

things, mutual fund prospectus delivery; during these meetings, the statistical data the firm received indicated that the firm's customers were not timely receiving prospectuses in 4 percent to 5 percent of the mutual fund transactions the firm conducted. The findings also stated that because of the firm's failure to deliver prospectuses on time to many of its customers who purchased mutual funds, they were not provided with important disclosure information about the products by the settlement date. (**FINRA Case #2010022922701**)

Woodbury Financial Services, Inc. (CRD #421, Oak Dale, Minnesota) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined $75,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that a firm registered representative converted approximately $990,000 from the firm's customers, through separate wire requests; these wire requests directed that funds be withdrawn from the firm's customer accounts that he serviced, and wired to a bank account that he controlled. The findings stated that the firm's supervisory control system in this area failed to include a policy or procedure requiring a review to detect or prevent multiple wires, from one or numerous customers, going to the same third-party account. The findings also stated that the firm's system failed to include exception reports that would have identified multiple customer wires going to the same third-party account. The findings also included that the firm failed to detect that the registered representative had submitted separate wire requests, from different firm customers, resulting in the transmittal of approximately $990,000 of those customers' funds to a bank account that he controlled. FINRA found that the firm failed to establish, maintain and enforce a supervisory system reasonably designed to adequately review and monitor all transmittals of funds from customers' accounts to third-party accounts and outside entities. (**FINRA Case #2010024996801**)

WRP Investments, Inc. (CRD #7365, Youngstown, Ohio) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and fined $10,000. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to accurately report municipal securities transactions as the execution price reported for each transaction did not match the execution price noted on the order ticket and confirmation. The findings stated that the firm failed to report executed municipal securities transactions and reported municipal securities transactions with the customer but failed to report the contemporaneous transaction with the broker-dealer. The findings also stated that the firm failed to establish and enforce an adequate supervisory system, including written procedures, reasonably designed to ensure its compliance with MSRB Rule G-14. The findings also included that the firm's procedures failed to address how it would conduct and evidence its reviews for the accurate reporting of municipal securities transactions. (**FINRA Case #2010021017901**)

Firm Sanctioned

Capital Financial Services, Inc. (CRD #8408, Minot, North Dakota) submitted a Letter of Acceptance, Waiver and Consent in which the firm was censured and ordered to pay $200,000 in restitution to investors. Without admitting or denying the findings, the firm consented to the described sanctions and to the entry of findings that it failed to have reasonable grounds to believe that private placements offered by two entities pursuant to Regulation D were suitable for any customer. The findings stated that the firm began selling the offerings for one entity after its representatives visited the issuer's offices to review records and meet with the issuers' executives; the firm also received numerous third-party due diligence reports for these offerings but never obtained financial information about the entity and its offerings from independent sources, such as audited financial statements. The findings also stated that despite the issuer's assurances, the problems with its Regulation D offerings continued; the issuer repeatedly stated to the firm's representatives that the interest and principal payments would occur within a few weeks, and the issuer made some interest payments but failed to pay substantial amounts of interest and principal owed to its investors, and these unfulfilled promises continued until the SEC filed its civil action and the issuer's operations ceased. The findings also included that in addition to ongoing delays in making payments to its investors, the firm received other red flags relating to the entity's problems but continued to allow its brokers to sell the offering to their customers; in total, the firm's brokers sold $11,759,798.01 of the offering to customers.

FINRA found that despite the fact that the firm received numerous third-party due diligence reports for the other entities' offering, it never obtained financial information about the issuer and its offerings from independent sources, such as audited financial statements, and although it received a specific fee related to due diligence purportedly performed in connection with each offering, the firm performed little due diligence beyond reviewing the private placement memoranda (PPM) for the issuer's offerings. FINRA also found that the firm's representatives did not travel to the entity's headquarters to conduct any due diligence for these offerings in person and did not see or request any financial information for the entity other than that contained in the PPM. In addition, FINRA determined that the firm obtained a third-party due diligence report for one of the offerings after having sold these offerings for several months already; this report identified a number of red flags with respect to the offerings. Moreover, FINRA found that the firm should have been particularly careful to scrutinize each of the issuer's offerings given the purported high rates of return but did not take the necessary steps, through obtaining financial information or otherwise, to ensure that these rates of return were legitimate, and not payable from the proceeds of later offerings, in the manner of a Ponzi scheme. Furthermore, FINRA found the firm also did not follow up on the red flags documented in the third-party due diligence report; even with notice of these red flags, the firm continued to sell the offerings without conducting any meaningful due diligence. The findings also stated that the firm failed to have reasonable grounds for approving the sale and allowing the continued sale

of the offerings; even though the firm was aware of numerous red flags and negative information that should have alerted it to potential risks, the firm allowed its brokers to continue selling these private placements. The findings also included that the firm did not conduct meaningful due diligence for the offerings prior to approving them for sale to its customers; without adequate due diligence, the firm could not identify and understand the inherent risks of these offerings. FINRA found that the firm failed to enforce reasonable supervisory procedures to detect or address potential red flags and negative information as it related to these private placements; the firm therefore failed to maintain a supervisory system reasonably designed to achieve compliance with applicable securities laws and regulations. (**FINRA Case #2009019125903**)

Firm Sanctions Set Aside

American Funds Distributors, Inc. (CRD #6247, Los Angeles, California) was censured and fined $5 million. FINRA found that the firm requested or arranged for the direction of specific amounts of percentages of brokerage commissions to broker-dealers that sold its shares in violation of the Anti-Reciprocal Rule (former NASD Rule 2830(k)). The firm appealed to the SEC, which set aside the findings and sanctions because of the ambiguity of the rule prior to the 2004 Amendments and evidence that the firm proactively sought to ensure that its directed brokerage practices confirmed to regulatory requirements. (**FINRA Case #CE3050003**)

Individuals Barred or Suspended

Bryan Lee Addington (CRD #2641975, Registered Representative, Ethel, Louisiana) was barred from association with any FINRA member in any capacity. The sanction was based on findings that a customer instructed Addington to purchase shares of a common stock in his account at Addington's member firm. The findings stated that Addington placed an order to purchase the stock and instructed the customer to write a check in the amount of $34,019 made payable to an entity to pay for the purchase; because Addington did not credit the payment to the customer's account, his firm liquidated the shares of the stock in the customer's account for non-payment. The findings also stated that the customer did not promptly learn of the liquidating transaction and instructed Addington to sell the shares of the stock he believed was still in his account. The findings also included that thereafter, the customer received a $35,500.98 check from Addington drawn on the entity's account which Addington signed. FINRA found that when the customer deposited the check in his account, it was dishonored for insufficient funds. FINRA also found that the customer called Addington and demanded that he repay him; Addington then paid the customer $35,000 in cash. In addition, FINRA determined that Addington failed to respond to FINRA requests for information in connection with FINRA's investigation of the allegations in the Form U5 his firm filed. (**FINRA Case #2010021774001**)

Clyde Allen Benninghoff (CRD #18463, Registered Principal, Amelia Island, Florida) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Benninghoff consented to the described sanction and to the entry of findings that he facilitated securities investments away from his member firm. The findings stated that individuals, who were not customers of Benninghoff's firm, invested a total of $1,560,531.80 in a secured premium finance plan, which purported to promise a 12 percent return on an accompanying promissory note. The findings also stated that the secured premium finance plan was marketed as an investment that included financing for premiums on life insurance policies. The findings also included that Benninghoff wrote the life insurance policies through his firm's life insurance company affiliate. FINRA found that the investments were not made through Benninghoff's firm and were unknown to the firm. FINRA also found that Benninghoff did not provide written notice to, or obtain approval from, his firm prior to facilitating the investments. In addition, FINRA determined that Benninghoff failed to appear for a FINRA on-the-record interview. (**FINRA Case #2009019487201**)

Frank Bianculli (CRD #5452027, Registered Representative, Plainview, New York) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Bianculli consented to the described sanction and to the entry of findings that he entered into an informal agreement with brokers at his member firm to share in commissions relating to undisclosed private securities transactions in an entity, which purported to advance cash to merchants in exchange for the merchants' future credit card receivable; the entity promised returns of 4 percent or more per month, but it was a Ponzi scheme. The findings stated that Bianculli helped brokers with servicing a customer's investment but failed to provide his firm with written notice of his involvement in an unapproved private securities transaction. The findings also stated that Bianculli provided false and misleading information to FINRA during sworn on-the-record testimony. The findings also included that Bianculli provided false and misleading statements to his firm in response to a compliance questionnaire distributed by the firm inquiring into the scheme. FINRA found that Bianculli denied meeting any of the owners or principals of the entity and failed to disclose his participation in the customer's investment. (**FINRA Case #2009016911202**)

John Amador Blake-Zuniga aka John Anthony Blake (CRD #1014886, Registered Principal, Irvine, California) submitted a Letter of Acceptance, Waiver and Consent in which he was fined $5,000 and suspended from association with any FINRA member in any capacity for 30 business days. Without admitting or denying the findings, Blake-Zuniga consented to the described sanctions and to the entry of findings that he formed a company before becoming associated with his member firm; once he became associated with his firm, he disclosed the company he formed as an outside business activity and described his role as a passive investor with no day-to-day employment or management responsibility. The findings stated that while still associated with his firm, Blake-Zuniga became a director

and the CEO of the company, which was a material change in the nature of Blake-Zuniga's affiliation with his company and, therefore, a new outside business activity of which he was required to provide the firm with prompt written notice. The findings also stated that Blake-Zuniga failed to provide the firm with the required notice.

The suspension is in effect from September 19, 2011, through October 28, 2011. (**FINRA Case #2010024761201**)

William John Blasko Jr. (CRD #1381726, Registered Representative, Johnstown, Pennsylvania) submitted a Letter of Acceptance, Waiver and Consent in which he was fined $5,000 and suspended from association with any FINRA member in any capacity for five months. The fine must be paid either immediately upon Blasko's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Blasko consented to the described sanctions and to the entry of findings that he engaged in outside business activities without providing prompt notice to his member firm. The findings stated that the firm permitted its representatives to sell fixed annuities only if the transactions were placed through the firm's General Agency (GA) platform; Blasko sold fixed annuities to customers, at least two of whom were clients of the firm, and received compensation for these sales. The findings also stated that Blasko's sales were placed through the issuer, not through the firm's GA. The findings also included that on several occasions, Blasko falsely certified to the firm that he had not engaged in any outside business activities for which he received compensation.

The suspension is in effect from August 15, 2011, through January 14, 2012. (**FINRA Case #2009020835201**)

Gordon Michael Budreau (CRD #1246610, Registered Representative, Denver, Colorado) submitted a Letter of Acceptance, Waiver and Consent in which he was fined $5,000 and suspended from association with any FINRA member in any capacity for 10 business days. Without admitting or denying the findings, Budreau consented to the described sanctions and to the entry of findings that he exercised time and price discretion beyond the day on which the customer granted such discretion and without the customers' written authorization. The findings stated that although the firm's policies required all registered representatives to indicate in the order entry system when they use time and price discretion when ordering trades, Budreau failed to make that disclosure. The findings also included that Budreau's firm discovered his improper exercise of time and price discretion and issued a formal Letter of Education to Budreau reminding him of the rules regarding time and price discretion and instructing him to read compliance memoranda addressing discretionary trading and the recording of orders; Budreau signed the Letter of Education acknowledging his understanding the document's terms and certifying that he read the relevant policies. FINRA found that Budreau, soon after receiving the Letter of Education, again exercised time and price discretion by purchasing shares of a different security

in several customer accounts. FINRA also found that although Budreau discussed the possibility of purchasing the security with his customers before entering purchase orders into the firm's system, none of the actual purchases occurred on the days when he spoke to his customers, and some of the purchases occurred a week or two after the customers informed him they were willing to purchase the security.

The suspension was in effect from September 6, 2011, through September 19, 2011. (**FINRA Case #2010021222101**)

Roseann Bunshaft (CRD #3227105, Registered Representative, Center Moriches, New York) submitted a Letter of Acceptance, Waiver and Consent in which she was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Bunshaft consented to the described sanction and to the entry of findings that at the request of a member firm customer, Bunshaft was directed to make direct payments from one of the customer's brokerage accounts at the firm to pay some of the customer's personal bills; instead, without the customer's knowledge or authorization, Bunshaft initiated $23,471.25 in unauthorized transfers of funds from the customer's brokerage account to pay her own personal credit card charges. The findings stated that Bunshaft failed to respond to FINRA requests for information. (**FINRA Case #2010024803101**)

Jerry William Burch (CRD #1450138, Registered Principal, Newport Coast, California) was barred from association with any FINRA member in any capacity. The National Adjudicatory Council (NAC) imposed the sanction following appeal of an Office of Hearing Officers (OHO) decision. The sanction was based on findings that Burch failed to disclose to customers that a brokerage account his relative controlled was selling shares of a stock at the same time he was recommending that customers buy it. The findings stated that Burch caused his firm's books and records to be inaccurate when he falsely represented to the firm that customer purchases of shares of stock were unsolicited. The findings also stated that Burch failed to update his Form U4 with material information. (**FINRA Case #2005000324301**)

Marcus Patrick Camp (CRD #2488065, Registered Principal, Chattanooga, Tennessee) submitted a Letter of Acceptance, Waiver and Consent in which he was fined $10,000, barred from association with any FINRA member in any principal capacity and suspended from association with any FINRA member in any capacity for six months. The fine must be paid either immediately upon Camp's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Camp consented to the described sanctions and to the entry of findings that he was the operations manager for branch offices of his member firm and was responsible for supervising registered representatives' timely completion of the internal, computer-based Firm Element Continuing Education program. The findings stated that Camp completed the required Firm Element Continuing Education program proficiency tests for registered representatives and improperly assisted other registered representatives by providing them

with answers. The findings also stated that Camp offered to assist or take the proficiency tests for additional firm registered representatives but they rejected his offer.

The suspension is in effect from August 15, 2011, through February 14, 2012. (**FINRA Case #2009019276101**)

Donald Jay Carrig (CRD #2669205, Registered Representative, Irvine, California) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Carrig consented to the described sanction and to the entry of findings that he failed to appear for testimony in a pending FINRA investigation. (**FINRA Case #2010024294501**)

David I. Carter (CRD #4740584, Registered Representative, Lake Ronkonkoma, New York) submitted an Offer of Settlement in which he was fined $10,000 and suspended from association with any FINRA member in any capacity for 30 business days. Without admitting or denying the allegations, Carter consented to the described sanctions and to the entry of findings that he effected discretionary trades in a customer's account without the customer's prior written authorization. The findings stated that although Carter's member firm permitted discretionary accounts, it required its registered representatives to submit a written request to have an account designated as a discretionary account; Carter did not submit such a request, and the firm did not provide written acceptance of the account as discretionary.

The suspension is in effect from September 6, 2011, through October 17, 2011. (**FINRA Case #2008013476001**)

Steve R. Caudle (CRD #3235070, Registered Representative, Pleasant Hill, California) submitted a Letter of Acceptance, Waiver and Consent in which he was fined $5,000 and suspended from association with any FINRA member in any capacity for 90 days. The fine must be paid either immediately upon Caudle's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Caudle consented to the described sanctions and to the entry of findings that he borrowed $55,000 from a customer at his member firm in order to purchase real estate without providing prior written notice to, or obtaining prior written approval from, his member firm. The findings also stated that, at the time Caudle borrowed the money, the firm's written procedures prohibited borrowing money from customers under any circumstances. The findings also included that Caudle completed a firm questionnaire and falsely answered "no" to the question, "Have you, or any related person or entity, borrowed or loaned any money or securities from/to a client (including situations where the loan is still outstanding and occurred prior to the individual becoming a client)?"

The suspension is in effect from August 15, 2011, through November 12, 2011. (**FINRA Case #2010022881701**)

Tracy Puilum Chan (CRD #3107299, Registered Principal, Philadelphia, Pennsylvania) submitted an Offer of Settlement in which she was barred from association with any FINRA member in any capacity. Without admitting or denying the allegations, Chan consented to the described sanction and to the entry of findings that she failed to respond to FINRA requests for information and documents. (**FINRA Case #2009021029620**)

Aaron Joseph Coculo (CRD #5437901, Registered Representative, Groveville, New Jersey) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Coculo consented to the described sanction and to the entry of findings that he converted funds from bank customer accounts while employed with his member firm's bank affiliate. The findings stated that Coculo ordered and intercepted automated teller machine (ATM) cards and withdrew funds from those accounts, which totaled approximately $5,500. The findings also stated that Coculo improperly obtained ATM cards from relatives and effected unauthorized withdrawals totaling approximately $9,000; in total, Coculo misappropriated approximately $14,500 from the customer accounts without permission or authority from the customers or the bank. The findings also included that the transactions did not involve funds from an account held at a FINRA regulated entity. (**FINRA Case #2011026065501**)

Thomas Paul Dudek (CRD #3172947, Registered Representative, Marietta, Georgia) submitted a Letter of Acceptance, Waiver and Consent in which he was fined $10,000 and suspended from association with any FINRA member in any capacity for six months. The fine must be paid either immediately upon Dudek's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Dudek consented to the described sanctions and to the entry of findings that he completed signed, but otherwise blank, Policy Loan Agreements to cause policy loans to be taken from whole life insurance policies of related customers to pay the premiums on those and other insurance policies the customers owned. The findings stated that Dudek altered Term Conversion Express Requests by using copies of signed and dated, but otherwise blank, requests and modifying the date on the requests in order to change portions of term life insurance to whole life insurance.

The suspension is in effect from September 6, 2011, through March 5, 2012. (**FINRA Case #2010021195901**)

Lonnie Lee Dusenberry (CRD #3084887, Registered Representative, Elk Grove, California) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Dusenberry consented to the described sanction and to the entry of findings that he borrowed $742,500 from his customers and, in several instances, Dusenberry used the proceeds of one loan to repay an earlier loan from a different customer. The findings stated

that Dusenberry failed to repay a total of approximately $500,000 to his customers. The findings also stated that the firm prohibited borrowing money from customers unless the borrowing arrangement fell within certain enumerated exceptions, such as a loan from an immediately family member; regardless of the circumstances, however, employees were required to obtain the firm's written pre-approval for all loans, and Dusenberry neither requested nor received the firm's written pre-approval for any of his loans. The findings also included that, in order to effect one of the loans, Dusenberry signed the customer's name to a Letter of Authorization (LOA) and submitted it to the firm, which caused the firm to transfer $30,000 from the customer's account to another customer's account. FINRA found that, in order to effect a loan from a different customer, Dusenberry signed that customer's name to an LOA without her knowledge, authorization or consent, and submitted it to the firm, which caused the firm to transfer $32,000 from the customer's account to another customer's account. (**FINRA Case #2010022516401**)

Martin Joel Erzinger (CRD #713979, Registered Supervisor, Littleton, Colorado) submitted a Letter of Acceptance, Waiver and Consent in which he was fined $20,000 and suspended from association with any FINRA member in any capacity for 30 days. Without admitting or denying the findings, Erzinger consented to the described sanctions and to the entry of findings that he failed to provide his member firm with the information necessary to amend his Form U4 on a timely basis to disclose material information.

The suspension was in effect from September 6, 2011, through October 5, 2011. (**FINRA Case #2010023960401**)

Kellyann Fortney (CRD #4654192, Associated Person, Philadelphia, Pennsylvania) submitted an Offer of Settlement in which she was barred from association with any FINRA member in any capacity. Without admitting or denying the allegations, Fortney consented to the described sanction and to the entry of findings that she was employed as an assistant for registered representatives, who conducted business under the name of a company. The findings stated that Fortney misappropriated approximately $75,864.12 from the company by withdrawing funds using checks or other debits from the company business checking account (a money market account). The findings also stated that the checks or other debits were made payable to Fortney or to third parties. The findings also included that Fortney engaged in unauthorized transactions using the company's credit card account, and then paid for those transactions using the company's checking account. (**FINRA Case #2009020645901**)

Vikas Goel (CRD #3165104, Registered Representative, Chino Hills, California) submitted a Letter of Acceptance, Waiver and Consent in which he was fined $7,500 and suspended from association with any FINRA member in any capacity for one month. Without admitting or denying the findings, Goel consented to the described sanctions and to the entry of findings that he placed a customer's signature on statements he prepared in connection with providing a rationale for his recommendations that the customer sell

mutual funds and invest the proceeds in an equity-indexed annuity and a variable annuity, without the customer's knowledge, authorization or consent. The findings stated that unbeknownst to Goel, the firm did not require a customer's signature on the registered representative's statement of rationale.

The suspension was in effect from September 6, 2011, through October 5, 2011. (**FINRA Case #2009020539701**)

Alan Goings (CRD #5600632, Registered Representative, New Richmond, Indiana) submitted a Letter of Acceptance, Waiver and Consent in which he was fined $5,000 and suspended from association with any FINRA member in any capacity for six months. The fine must be paid either immediately upon Goings' reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Goings consented to the described sanctions and to the entry of findings that he willfully failed to amend his Form U4 to disclose material facts, which resulted in it containing inaccurate, false and materially misleading information. The findings stated that Goings knew, or should have known, that he was required to update his Form U4 to disclose the material information. The findings also stated that Goings completed statements certifying that he would notify his member firm and promptly update his Form U4 if he were arrested or charged with any criminal offense; Goings also attended his firm's quarterly compliance meeting where Form U4 disclosures were discussed. The findings also included that Goings stated in a compliance meeting that he did not disclose the information because he was concerned about losing his job.

The suspension is in effect from September 6, 2011, through March 5, 2012. (**FINRA Case #2010024810401**)

Ryan Christopher Gold (CRD #5509109, Registered Representative, Rye, New York) submitted a Letter of Acceptance, Waiver and Consent in which he was fined $5,000 and suspended from association with any FINRA member in any capacity for 45 days. The fine must be paid either immediately upon Gold's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Gold consented to the described sanctions and to the entry of findings that he engaged in an outside business activity without providing prior written notice to his member firm. The findings stated that prior to joining the firm, Gold entered into an agreement with a company that seeded hedge funds, to provide advisory services, and which permitted the company to publicly disclose that Gold was a member of the advisory board. The findings also stated that upon his association with the firm, Gold disclosed his ownership interest in a hedge fund seeded by the company and another unaffiliated company, but failed to provide written notice concerning his ongoing affiliation with the company and continued providing it with advisory services. The findings also included

that because Gold terminated the agreement, he did not receive compensation from the company for his work while associated with his firm.

The suspension was in effect from August 15, 2011, through September 28, 2011. (**FINRA Case #2009018050801**)

Patrick Francis Harte Jr. (CRD #1865650, Registered Principal, Plano, Texas) was barred from association with any FINRA member in any capacity. The sanction was based on findings that Harte participated in the sale of unregistered securities, in violation of Section 5 of the Securities Act of 1933. The findings stated that Harte and a registered representative at his member firm sold millions of shares of a thinly traded penny stock, resulting in proceeds exceeding $9.3 million for firm customers; the total commissions generated were $481,398. The findings also stated that Harte failed to conduct any due diligence prior to the stock sales; the circumstances surrounding the stock and the firm's customers presented numerous red flags of a possible unlawful stock distribution. The findings also included that Harte did not determine if a registration statement was in effect with respect to the shares or if there was an applicable exemption; Harte relied on transfer agents and clearing firms to determine the tradability of the stock. FINRA found that Harte failed to undertake adequate efforts to ensure that the registered representative ascertained the information necessary to determine whether the customers' unregistered shares could be sold in compliance with Section 5 of the Securities Act of 1933; Harte did not consider the determination of the free-trading status of shares to be within his supervisory responsibilities. FINRA also found that Harte failed to follow up on red flags; he was on notice of the inconsistencies between customers' trading experience and activity in their firm accounts but took no action. In addition, FINRA determined that Harte received customer emails which evidenced a greater level of market sophistication than reflected in their account forms but failed to investigate these discrepancies. (**FINRA Case #2006004666601**)

Jo Ann Marie Head (CRD #3009195, Registered Representative, Whittier, California) was barred from association with any FINRA member in any capacity and ordered to pay restitution to a customer in the principal amount of $19,000, which represents the amount of a loan that has not been repaid, plus interest. The sanctions were based on findings that Head conveyed false and exaggerated account values to customers verbally and with falsified documents. The findings stated that Head borrowed $20,000 from a customer and has repaid only $1,000 to the customer, contrary to the firm's written procedures prohibiting representatives from borrowing from customers without branch manager or other supervisor approval and the written approval of the firm's compliance department; Head did not request or obtain permission from her firm to borrow money from the firm's customer. The findings also stated that Head settled and/or offered to settle a customer complaint without her firm's knowledge or authorization. The findings also included that Head sent an unapproved and materially false letter to a bank by preparing, signing and mailing a letter to a bank stating that a customer's assets totaled over $4 million in

order to assist the customer in obtaining a mortgage loan; although the firm's procedures required that outgoing correspondence be reviewed and approved before mailing, Head neither sought nor obtained approval for the letter. FINRA found that Head exercised discretion in customer accounts without written authorization; Head neither sought nor obtained authorization from customers or her firm to exercise discretion in their accounts. FINRA also found that Head mischaracterized solicited trades in customers' accounts as unsolicited, causing her firm's books and records to be inaccurate. In addition, FINRA determined that Head submitted false and evasive information to FINRA in response to a written request for information. Moreover, FINRA found that Head repeatedly sent emails and text messages to customers from her personal email accounts, which violated her firm's policies forbidding the use of personal email accounts and mandating that business-related electronic communications with customers occur within the firm's network; Head's use of her personal email account prevented the firm from reviewing her email and text messages, and delayed the discovery of her misconduct in customers' accounts. Furthermore, FINRA found that Head failed to appear or otherwise respond to FINRA requests for testimony. (**FINRA Case #2009017530101**)

Curt Jeffrey High (CRD #2028591, Registered Representative, Gilbertsville, Pennsylvania) submitted a Letter of Acceptance, Waiver and Consent in which he was fined $5,000 and suspended from association with any FINRA member in any capacity for three months. The fine must be paid either immediately upon High's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, High consented to the described sanctions and to the entry of findings that he willfully failed to amend his Form U4 to disclose material information.

The suspension is in effect from September 6, 2011, through December 5, 2011. (**FINRA Case #2010022448601**)

Jerry Margaret Moore Hill (CRD #3357, Registered Principal, Dallas, Texas) submitted a Letter of Acceptance, Waiver and Consent in which she was suspended from association with any FINRA member in any principal or supervisory capacity for 15 business days. In light of Hill's financial status, no monetary sanction was imposed. Without admitting or denying the findings, Hill consented to the described sanction and to the entry of findings that she permitted a FINRA member firm, for which she served as Financial and Operations Principal (FINOP), to conduct a securities business while below its minimum net capital requirement.

The suspension was in effect from September 26, 2011, through October 14, 2011. (**FINRA Case #2009017072001**)

Robert Dunnell House (CRD #2080155, Registered Representative, Duluth, Georgia) was barred from association with any FINRA member in any capacity. The sanction was based on findings that House failed to respond to FINRA requests to appear for on-the-record testimony. (**FINRA Case #2010022188901**)

Susan Margaret Labant (CRD #3229735, Registered Principal, New Berlin, Wisconsin) submitted a Letter of Acceptance, Waiver and Consent in which she was fined $10,000, suspended from association with any FINRA member in any principal capacity for nine months, and ordered to requalify as a principal before acting in any principal capacity. Without admitting or denying the findings, Labant consented to the described sanctions and to the entry of findings that she failed to establish, maintain and enforce a supervisory system, including WSPs, with respect to the requirements of Reg SHO. The findings stated that the policies and procedures written and/or reviewed by Labant and implemented by the firm were not reasonably designed to achieve compliance with certain requirements of Reg SHO; Labant failed to review and/or coordinate the Reg SHO-related policies and procedures instituted in different areas of the firm. The findings also stated that under Labant's supervision, the firm implemented a patchwork of systems, policies and procedures that contained multiple gaps and, in certain instances, contained incorrect instructions for compliance with Reg SHO. The findings also included that the written policies and procedures Labant established or reviewed in connection with Reg SHO did not require proprietary traders to obtain locates for short sales, the Stock Loan department to grant and document all locates, adequate reviews of short sales to detect short sales entered without a locate and/or without an exception to the locate requirement, and market makers engaged in non-*bona fide* market making transactions to obtain locates for short sales (where no locate exception was applicable).

FINRA found that Labant failed to coordinate Stock Loan's role in the firm's Reg SHO compliance and the firm's Stock Loan employees were not adequately trained in connection with Reg SHO, including the locate requirement for proprietary short sales and the importance of documenting all locate requests and approvals. FINRA also found that as a result, the Stock Loan department's compliance with Reg SHO requirements was insufficient and the firm completely failed to document locates for its proprietary orders. In addition, FINRA determined that although Labant informed Stock Loan employees that they were required to provide locates for proprietary traders, Stock Loan employees subsequently instructed proprietary traders that they did not need to contact Stock Loan for a locate on certain exchange-traded funds; Labant's attempt to inform Stock Loan personnel regarding the need to provide locates was inadequate. Moreover, FINRA found that in some instances, Stock Loan personnel failed to document locates that proprietary traders requested and obtained; in the majority of instances, locates were not obtained at all and the firm's proprietary traders entered an indeterminable number of unexecuted short sale orders for which no locates were obtained or documented. Furthermore, FINRA found that the systems and procedures Labant established for supervision and review of Reg SHO compliance were unreasonable in design such that the firm was unable to detect the Reg SHO violations that occurred. The findings also stated that Labant established an ineffective procedure for the review of proprietary short sales in order to determine whether valid locates had been obtained. The findings also included that among other deficiencies, the procedure Labant established failed to require supervisory personnel

to compare the locate information entered into the order entry systems against records of locates Stock Loan granted; therefore, supervisory personnel did not have sufficient information to determine if a locate had been obtained for a sufficient number of shares, or had actually been obtained at all. FINRA found that had Labant implemented a reasonable review, it would have revealed that locates had not been obtained and/or documented in connection with a significant majority of proprietary short sales, as well as the deficiencies in the Stock Loan documentation of locates. FINRA also found that Labant was aware that the firm's procedures also required the Stock Loan department to review whether firm short sales had been executed without locates, but the report Stock Loan personnel reviewed omitted all short sales in proprietary accounts so that Stock Loan personnel were also unable to detect proprietary short sales entered without locates. In addition, FINRA determined that after being informed of deficiencies following an examination the NYSE conducted, which included a review of certain aspects of the firm's Reg SHO compliance, Labant failed to take adequate action to identify their root causes. Moreover, FINRA found that Labant assumed that the primary causes of the NYSE's findings was that proprietary traders failed to request locates as required; Labant failed to recognize the deficiencies in the firm's written policies and procedures governing the granting and documenting of locates. Furthermore, FINRA found that Labant failed to recognize that the review of proprietary short sales for locates was ineffective by design, and/or that the Stock Loan department was not performing a locate review with respect to proprietary short sales; as a result, the procedural changes that Labant effected in response to the NYSE examination were inadequate to redress all of the underlying issues that caused the firm's violations. The findings also stated that Labant failed to establish reasonable policies and procedures, or a system of follow-up and review, to determine that Stock Loan personnel were complying with all of the requirements of Reg SHO; for this reason, the firm's compliance department was unaware for months that Stock Loan had obtained and used an unauthorized easy-to-borrow list to grant locates.

The suspension is in effect from September 19, 2011, through June 18, 2012. (**FINRA Case #2008013127802**)

William James Lasko (CRD #303150, Registered Principal, Carrollton, Texas) submitted an Offer of Settlement in which he was fined $5,000 and suspended from association with any FINRA member in any capacity for three months. The fine must be paid either immediately upon Lasko's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the allegations, Lasko consented to the described sanctions and to the entry of findings that he borrowed $12,000 from his customer while associated with his member firm, and signed a promissory note in which he agreed to repay the $12,000, plus interest. The findings stated that Lasko did not notify his firm of this loan and did not attempt to receive the firm's approval of this loan contrary to his firm's procedures that did not allow its registered representatives to borrow money from their customers. The findings also stated that Lasko did not repay the money he borrowed from the customer.

The suspension is in effect from August 15, 2011 through November 14, 2011. (**FINRA Case #2009020174801**)

David Do-Yong Lee (CRD #1613388, Registered Representative, Huntington Beach, California) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Lee consented to the described sanction and to the entry of findings that he misappropriated $900 from his member firm by claiming and receiving reimbursement for personal expenses, which he claimed as business expenses, thus converting his firm's funds to his own use. The findings stated that in doing so, Lee caused his firm's books and records to be inaccurate. (**FINRA Case #2010023019701**)

James Michael Lenzi (CRD #1686020, Registered Representative, Somerset, Pennsylvania) submitted a Letter of Acceptance, Waiver and Consent in which he was fined $5,000 and suspended from association with any FINRA member in any capacity for five months. The fine must be paid either immediately upon Lenzi's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Lenzi consented to the described sanctions and to the entry of findings that he engaged in outside business activities without providing prompt written notice to his member firm. The findings stated that the firm permitted its representatives to sell fixed annuities only if the transactions were placed through its GA platform; Lenzi sold fixed annuities to customers, several of whom were clients of the firm, and received compensation for these sales. Lenzi's sales were placed through the issuer, not through the firm's GA. The findings also stated that on several occasions, Lenzi falsely certified to the firm that he had not engaged in any outside business activities for which he received compensation.

The suspension is in effect from September 6, 2011, through February 5, 2012. (**FINRA Case #2009020835202**)

William John Liebl (CRD #5105157, Registered Representative, Edmond, Oklahoma) was barred from association with any FINRA member in any capacity. FINRA did not order restitution because Liebl's member firm credited his customers with all of the converted funds. The sanction was based on findings that Liebl converted a total of approximately $5,052.09 from customers who had purchased insurance policies through him. The findings stated that the customers gave Liebl cash and checks to pay for their insurance premiums; instead of using the money the customers gave to him to pay for their insurance premiums, Liebl converted the money to his own use. The findings also stated that Liebl failed to respond to FINRA requests for information. (**FINRA Case #2009020393901**)

Andrew Joseph Longoria (CRD #2299271, Registered Representative, Hutto, Texas) was barred from association with any FINRA member in any capacity and ordered to pay $5,000, plus interest, in restitution to a non-customer. The sanctions were based on findings that a firm customer opened an account with a mutual fund company through Longoria and,

acting on Longoria's instructions, wrote a check to an entity Longoria owned for $12,000 to fund the account; Longoria never funded the account and did not return the $12,000 to the customer. The findings stated that an individual, who was not a firm customer, gave Longoria a check for $5,000 to invest in what Longoria had represented was an exchange-traded mutual fund whose performance was tied to that of the Standard and Poor Index; Longoria instructed the individual to make the check payable to the entity he owned. The findings also stated that the individual completed and signed forms to open an account, but no account was opened; the individual requested copies of the forms and evidence of the investment, but Longoria did not provide these documents to the individual. The findings also included that the individual repeatedly asked Longoria to return his $5,000; Longoria promised to do so, and eventually gave the individual a check for $5,820, but the check was returned for insufficient funds. FINRA found that Longoria failed to respond to FINRA requests for information. (**FINRA Case #2009019969101**)

Jaime Campos Lopez (CRD #3171443, Registered Representative, Carmel, Indiana) submitted a Letter of Acceptance, Waiver and Consent in which he was fined $5,000 and suspended from association with any FINRA member in any capacity for two years. The fine must be paid either immediately upon Lopez' reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Lopez consented to the described sanctions and to the entry of findings that after discussing with his member firm the possibility of him participating as an exhibitor during a dental convention by representing the firm at a booth in the exhibition hall and distributing literature, he did not follow up and formally request permission, contrary to the firm's written procedures. The findings stated that despite the lack of the firm's approval, Lopez arranged for and participated as an exhibitor representing the firm by staffing an exhibition booth at the convention and distributed, or had available for distribution, literature about the firm and himself. The findings also stated that during the course of FINRA's investigation about Lopez' participation as an exhibitor at the convention, Lopez provided FINRA with inaccurate and misleading information.

The suspension is in effect from September 6, 2011, through September 5, 2013. (**FINRA Case #2009018640401**)

Felipe J. Lorie (CRD #1861011, Registered Representative, Coral Gables, Florida) was barred from association with any FINRA member in any capacity. The sanction was based on findings that Lorie falsified LOAs, which caused his firm's books and records to be inaccurate, and used the LOAs to withdraw customer funds without the customer's authorization; these LOAs contained the purported signature of a customer and the customer's family members and authorized the transfer of checks totaling $21,290.60 to a mortgage company and another $15,000 check to a third-party account. The findings stated that these checks were issued as Lorie requested; neither the customer nor any of his family members authorized or signed the LOAs. The findings also stated that Lorie failed to respond to FINRA requests for information. (**FINRA Case #2009019867201**)

David Angelo Maltese (CRD #2562471, Registered Representative, Boca Raton, Florida) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Maltese consented to the described sanction and to the entry of findings that he failed to respond to a FINRA request to appear for investigative on-the-record testimony concerning an investigation into certain transactions he executed in customers' accounts at his member firm. The findings stated that Maltese, through his counsel, stated that he would not appear for testimony. (**FINRA Case #2008012546801**)

Michelle Yvette Mangum (CRD #1586526, Registered Representative, Atlanta, Georgia) submitted a Letter of Acceptance, Waiver and Consent in which she was fined $5,000 and suspended from association with any FINRA member in any capacity for one month. Without admitting or denying the findings, Mangum consented to the described sanctions and to the entry of findings that she instructed customers to register a complaint with her member firm based on inaccurate information; customers had informed Mangum that they might file a complaint against her firm for significant losses in their account. The findings stated that Mangum instructed them to assert to the firm that the losses were her responsibility because she had failed and/or refused to purchase protective puts in their account after being instructed to do so. The findings also stated that this advice was inaccurate since it was one of the customers, not Mangum, who had refused to sell any portion of their highly margined position, and Mangum had already advised the customers that they would not be able to purchase protective puts because their account lacked sufficient buying power.

The suspension was in effect from September 6, 2011, through October 5, 2011. (**FINRA Case #2009017685301**)

Ronald Marvin (CRD #722277, Registered Representative, Weston, Connecticut) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Marvin consented to the described sanction and to the entry of findings that he misused approximately $145,000 in funds obtained from investors in a limited partnership that he owned and controlled. The findings stated that Marvin established the limited partnership as a general investment fund and referred to it as a hedge fund; the limited partnership had investors who were Marvin's long-standing friends/customers. The findings also stated that Marvin maintained the limited partnership's brokerage account at his member firm and made all of the investment decisions for the fund, which primarily involved stock transactions; Marvin was also the registered representative for the limited partnership's account and received commissions from trades in the account. The findings also included that the general partner of the limited partnership was another entity Marvin owned and controlled.

FINRA found that under the terms of the limited partnership's offering memorandum, the limited partnership was required to pay an annual management fee of 1 percent to the other entity Marvin owned and controlled. FINRA also found that there was approximately $1 million invested in the limited partnership; therefore, the other entity was only entitled to an annual management fee of approximately $10,000, but Marvin wired approximately $145,000 more from the limited partnership's brokerage account to the other entity's bank account and used those funds to pay his salary and other expenses of the other entity. In addition, FINRA determined that Marvin had no authority to withdraw the additional $145,000 from the limited partnership's account; Marvin repaid the limited partnership for the excess funds he had withdrawn from its account. (**FINRA Case #2010021174501**)

Christopher Shane Mattei (CRD #2393244, Registered Principal, Freeport, New York) was barred from association with any FINRA member in any capacity. The sanction was based on findings that Mattei failed to appear and provide on-the-record testimony as FINRA requested. The findings stated that Mattei failed to adequately implement his firm's CIP. The findings also stated that Mattei, as his member firm's AMLCO, was responsible for approving and opening new accounts, and verifying and documenting customer identification information the BSA required, which he failed to do; Mattei relied on information from his firm's clearing firm despite knowing that it did not verify the identity of the firm's foreign customers, and, therefore, did not provide a suitable means for the non-documentary identity verification of foreign customers. The findings also included that Mattei did not implement the non-documentary verification process his firm's CIP required. FINRA found that Mattei, on the firm's behalf, was responsible for accessing the FinCEN's Secure Information Sharing System (SISS) to respond to federal requests for information, but he failed to search the records maintained in the SISS to respond to FinCEN requests for information.

FINRA found that Mattei failed to implement his firm's procedures for detecting and reporting suspicious activity and transactions as the BSA required; Mattei failed to reasonably implement the firm's policies because he incorrectly concluded that the firm did not have any high-risk customers. FINRA also found that although the firm's clearing firm produced suspicious activity exception reports, Mattei did not use them; Mattei failed to take reasonable steps to identify and analyze potentially suspicious activity in connection with a single registered representative's customer accounts and took no action to follow up on certain red flags relating to activity in these accounts. In addition, FINRA determined that Mattei failed to timely report customer complaints and failed to report other customer complaints. Moreover, FINRA found that Mattei failed to reasonably supervise his firm's options business although the firm's WSPs required Mattei to review all option trading activity on a regular basis but he did not conduct such reviews and supervision. Furthermore, FINRA found that Mattei failed to obtain and complete option account agreements for customers, and failed to retain copies of option agreements for other customers, which caused his firm's books and records to be inaccurate. (**FINRA Case #2008011743301**)

James Karl McDermott (CRD #2493300, Registered Principal, Costa Mesa, California) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, McDermott consented to the described sanction and to the entry of findings that he improperly used life insurance customers' funds to pay other life insurance customers' premiums. The findings stated that McDermott altered voided checks customers submitted to him and attached the altered checks to other customers' pre-authorized bank draft forms. The findings also stated that McDermott altered the account numbers, as well as other identifying markers on the check, such as the name and address; this allowed him to establish automatic payments for the other customers' life insurance premiums. The findings also included that McDermott misused customer funds in the total amount of $2,199.06; McDermott's firm's insurance affiliate reimbursed the customers. (**FINRA Case #2010023161501**)

Brian Reuben Mitchell (CRD #5205677, Registered Representative, Streetsboro, Ohio) submitted an Offer of Settlement in which he was suspended from association with any FINRA member in any capacity for two years. In light of Mitchell's financial status, no monetary sanctions were imposed. Without admitting or denying the allegations, Mitchell consented to the described sanction and to the entry of findings that he engaged in outside business activities, for compensation, while failing to provide prompt written notice to his member firm. The findings stated that Mitchell failed to respond to FINRA requests for information and documents until after a complaint was filed.

The suspension is in effect from September 19, 2011, through September 18, 2013. (**FINRA Case #2009017279501**)

Stephen Christopher Montgomery (CRD #2349698, Registered Principal, Fairfax, Virginia) submitted a Letter of Acceptance, Waiver and Consent in which he was fined $5,000 and suspended from association with any FINRA member in any capacity for 45 days. The fine must be paid either immediately upon Montgomery's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Montgomery consented to the described sanctions and to the entry of findings that he was employed as an insurance consultant at his member firm, and in that capacity, assisted financial advisors with selling insurance products, including long-term care (LTC) insurance to their clients. The findings stated that certain states implemented new LTC continuing education (CE) requirements that obligated financial advisors to complete an LTC CE course and exam before selling LTC insurance products to customers who resided in those states. The findings also stated that in order to assist financial advisors in obtaining this requirement, Montgomery requested and received an answer key to a state insurance LTC CE examination, and distributed it to financial advisors at his firm through emails.

The suspension was in effect from August 15, 2011, through September 28, 2011. (**FINRA Case #2009021029707**)

Saad Munir (CRD #5324285, Registered Representative, Westwood, Massachusetts) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Munir consented to the described sanction and to the entry of findings that he executed mutual fund transactions in customers' accounts without their knowledge or authorization. The findings stated that in an effort to conceal his misconduct, Munir falsified his member firm's books and records; Munir completed and submitted firm switch forms related to the unauthorized transactions he effected in the customers' accounts and falsely represented that he had spoken to each of the customers and had obtained their authorization before executing the trades. The findings also stated that Munir provided false information relating to the reason why these customers authorized the transactions; Munir knew at the time he made these written statements on firm documents that they were false. The findings also included that Munir altered the firm's customer telephone call logs with respect to customers' accounts to falsely show that he had spoken to each of the customers and obtained their authorization to effect the transactions. FINRA found that Munir accessed the firms' internal system and changed the telephone number of some customers whose accounts he had effected the unauthorized transactions to incorrect telephone numbers. (**FINRA Case #2010022728801**)

Carlos Francisco Otalvaro (CRD #2294420, Registered Principal, Coral Gables, Florida) was fined $15,000, suspended from association with any FINRA member in any capacity for one year, and barred from association with any FINRA member in any principal capacity. The fine shall be due and payable upon Otalvaro's return to the securities industry. The sanctions were based on findings that Otalvaro willfully failed to disclose material information on his Form U4, willfully failed to update his Form U4 to disclose material information within the required time, and willfully filed amended Forms U4 that omitted material information.

The suspension is in effect from August 15, 2011 through August 14, 2012. (**FINRA Case #2008011725901**)

Edward Lee Pinney Jr. (CRD #728435, Registered Representative, Richmond, Virginia) submitted a Letter of Acceptance, Waiver and Consent in which he was fined $5,000, suspended from association with any FINRA member in any capacity for three months, and ordered to repay a loan of $120,000 to a customer. Without admitting or denying the findings, Pinney consented to the described sanctions and to the entry of findings that while registered with a member firm, he borrowed an aggregate of approximately $205,000 from customers, who were his long-time friends; each loan was a personal loan Pinney used to meet his personal financial obligations. The findings stated that the Pinney repaid the outstanding balance of $85,000 owed on one of the loans but has not repaid any of the $120,000 on the loan to the other customer, which is payable on demand. The findings also stated that the firm had written procedures forbidding registered

representatives from borrowing funds from customers except under certain circumstances; Pinney's loans did not fit within any of the exceptions in the firm's procedures.

The suspension is in effect from September 19, 2011, through December 18, 2011. (**FINRA Case #2010024882501**)

Markus Beat Pletscher (CRD #2641465, Registered Representative, Fanwood, New Jersey) submitted a Letter of Acceptance, Waiver and Consent in which he was fined $15,000 and suspended from association with any FINRA member in any capacity for one year. The fine must be paid either immediately upon Pletscher's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Pletscher consented to the described sanctions and to the entry of findings that he exercised discretion in customer accounts despite the fact that his member firm's WSPs strictly prohibited discretionary trading in customer accounts; Pletscher was aware that his firm prohibited all discretionary trading in customer accounts. The findings stated that the firm required that its registered representatives place trade orders immediately after receiving the customer's authorization for trades. The findings also stated that Pletscher received oral authorization from customers to place trades in their accounts but waited several weeks or months before placing the trades. The findings also included that Pletscher requested to have variable annuity holdings for customers transferred into money market accounts without the customers' authorization; the customers requested the unauthorized transactions be reversed, causing his firm to incur reversal fees of $8,863.37. FINRA found that Pletscher's firm required its customers review and sign transaction related forms, but Pletscher instructed customers to provide transaction forms that contained only the customers' signatures, which Pletscher later completed and submitted to the firm for processing, despite his firm prohibiting him from accepting incomplete forms from customers. FINRA also found that Pletscher knew that by allowing his customers to pre-sign blank forms, he failed to ensure that customers had properly reviewed and understood the agreements they had signed. In addition, FINRA determined that Pletscher caused the firm's books and records to be false and misleading and to appear that the customers had agreed to the terms of each form on the date the forms were signed in blank.

The suspension is in effect from September 6, 2011, through September 5, 2012. (**FINRA Case #2009019969801**)

Frank Porporino Jr. (CRD #3185329, Registered Representative, Colonia, New Jersey) submitted a Letter of Acceptance, Waiver and Consent in which he was fined $5,000, suspended from association with any FINRA member in any capacity for nine months, and ordered to pay $37,000, plus interest, in restitution to a customer. The fine and restitution must be paid either immediately upon Porporino's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying

the findings, Porporino consented to the described sanctions and to the entry of findings that he executed two unauthorized trades in a customer's account without the customer's prior knowledge, authorization or consent. The findings stated that the unauthorized trades, which cost $474,000 and $444,000 respectively, resulted in approximately $37,000 in losses to the customer and netted Porporino approximately $16,200 in commissions. The findings also stated that contrary to firm procedures that generally prohibited registered representatives from borrowing funds from customers unless they had the firm's president's prior written approval, Porporino borrowed $40,000 from a customer without disclosing the loan to his firm; he repaid the loan, including $8,000 in interest. The findings also included that the firm was unaware of and did not otherwise approve the loan.

The suspension is in effect from September 6, 2011, through June 5, 2012. (**FINRA Case #2010022072601**)

Rebecca Amy Reichman (ID #11025579, Associated Person, New York, New York) was barred from association with any FINRA member in any capacity. The NAC imposed the sanction following appeal of an OHO decision. The sanction was based on findings that Reichman refused to respond to FINRA requests for information and testimony. (**FINRA Case #2008012096001**)

Karl Henry Rodriguez (CRD #2681737, Registered Supervisor, Valley Cottage, New York) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Rodriguez consented to the described sanction and to the entry of findings that he converted and misappropriated $10,000 from the bank checking account of a customer of his member firm and the firm's bank affiliate. The findings stated that while researching an investment for the customer, a bank employee discovered that Rodriguez had diverted a $10,000 check from the customer's bank checking account and made the check payable to a third party, who was also a bank customer and Rodriguez' close personal friend. The findings also stated that the customer neither authorized Rodriguez to make the check payable to the third party nor divert the funds to the third party's account at the bank. The findings also included that the third party made cash withdrawals totaling $10,000 from the bank account, and gave the money to Rodriguez, who used the funds for his personal benefit. FINRA found that the bank ultimately re-deposited $10,000 into the customer's bank checking account, and as a result of the bank's inquiry, Rodriguez repaid approximately $5,000 to the bank. (**FINRA Case #2011026130701**)

Miguel Alex Rosas (CRD #5159207, Registered Representative, Naperville, Illinois) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Rosas consented to the described sanction and to the entry of findings that he wrongfully converted a customer's funds totaling $14,000 for his personal use by submitting withdrawal requests he forged to his member firm and an annuity company,

without the customer's knowledge or consent. The findings stated that Rosas completed and forged other customers' signatures on variable annuity withdrawal forms and submitted them to annuity companies, without the customers' knowledge or consent, in an effort to convert funds totaling $45,000 from the customers' variable annuity accounts for his personal use. The findings also stated that, as indicated on these forms, the funds were to be made payable to a limited liability company for which Rosas was the president and CEO. The findings included that one of the annuity companies cancelled the withdrawal requests and the other annuity company placed stop payments on the checks that were issued. (**FINRA Case #2010024396001**)

Thomas Lauren Salway (CRD #2408604, Registered Representative, Henderson, Nevada) submitted a Letter of Acceptance, Waiver and Consent in which he was fined $5,000 and suspended from association with any FINRA member in any capacity for 60 days. The fine must be paid either immediately upon Salway's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Salway consented to the described sanctions and to the entry of findings that he willfully failed to timely amend his Form U4 to disclose material information. The findings stated that Salway's firm had previously disciplined him for failing to timely disclose material information to the firm and update his Form U4 accordingly.

The suspension is in effect from September 6, 2011, through November 4, 2011. (**FINRA Case #2010023439901**)

Richard Mark Schmerman (CRD #1302988, Registered Principal, Phoenix, Arizona) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Schmerman consented to the described sanction and to the entry of findings that he misused funds belonging to two individuals without their knowledge, consent or authorization. The findings also stated that Schmerman failed to respond to FINRA requests for information and documents. Furthermore, FINRA found that Schmerman failed to amend his Form U4 to disclose material facts and falsely completed his member firm's annual compliance questionnaire regarding judgments or tax liens entered against him. (**FINRA Case #2010022046001**)

Michael Peter Schwartz (CRD #416386, Registered Representative, Berwyn, Pennsylvania) submitted an Offer of Settlement in which he was fined $2,500 and suspended from association with any FINRA member in any capacity for 30 days. Without admitting or denying the allegations, Schwartz consented to the described sanction and to the entry of findings that he failed to timely amend his Form U4, or cause his member firm to amend it, to disclose a material fact.

The suspension was in effect from September 6, 2011, through October 5, 2011. (**FINRA Case #2010023974801**)

Yaman Huseyin Sencan (CRD #1791513, Registered Principal, Rancho Santa Fe, California) submitted a Letter of Acceptance, Waiver and Consent in which he was fined $20,000, barred from association with any FINRA member in any principal capacity, and suspended from association with any FINRA member in any capacity for six months. The fine must be paid either immediately upon Sencan's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Sencan consented to the described sanctions and to the entry of findings that he failed to reasonably supervise the activities of member firm personnel engaged in the charging of excessive commissions, sharing commissions with a non-member and misusing funds on deposit with the firm. The findings stated that Sencan's firm, acting through its head trader, improperly shared approximately $4 million in commissions with one of the firm's hedge fund clients and charged excessive commissions totaling over $580,000 in transactions; Sencan was the head trader's direct supervisor and was aware that the firm had entered into a commission sharing arrangement with the hedge fund client, and he was responsible for reviewing that arrangement and the head trader's trading activities. The findings also stated that the firm's procedures required the chief compliance officer to periodically review emails firm personnel sent and received; Sencan failed to perform periodic reviews of the head trader's electronic correspondence or otherwise take reasonable steps to supervise his activities. The findings also included that the firm, acting through its FINOP, misused at least $61,000 in funds on deposit with the firm; Sencan was the FINOP's direct supervisor but failed to monitor the firm's financial records, perform periodic reviews of the FINOP's electronic correspondence or otherwise take reasonable steps to supervise the FINOP's activities.

FINRA found that Sencan became the firm's AMLCO, and in this position, he was responsible for ensuring that the firm's AML compliance procedures (AMLCP) were enforced but failed to do so. FINRA also found that the CIP portion of the firm's AMLCP required the firm, prior to opening an account, to obtain identifying information such as the customer's passport number and country of origin, but the firm, acting through Sencan, failed to obtain the identifying information the CIP required for some of its customers; a portion of those customers were located outside of the United States. In addition, FINRA determined that the firm's AMLCP required the firm to maintain transmittal orders for wire transfers of more than $3,000, and those orders had to contain at least the name and address of the transmitter and recipient, the amount of the transmittal order, the identity of the recipient's financial institution and the recipient's account number; on numerous occasions, a firm customer account wired out funds in excess of $3,000. Moreover, FINRA found that Sencan did not take steps to ensure that the firm retained information regarding those wires, including the recipient's name, address and account number and the identity of the recipient's financial information. Furthermore, FINRA found that the firm, acting through Sencan, failed to provide AML training to its registered personnel. The findings also stated that Sencan was attempting to find transactional business for

the firm in medium-term notes (MTNs); as part of an effort to purchase MTNs for resale to its clients, the firm entered into an agreement with a Switzerland-based entity. The findings also included that the Sencan signed the agreement on the firm's behalf, and the agreement called for the entity to provide the firm with the opportunity to purchase $100 million (face value) in specified MTNs. FINRA found that the agreement included clauses containing material misrepresentations about the firm's ability to purchase MTNs. FINRA also found that the first clause represented that the firm was the actual legal and beneficial owner of cash funds in excess of $100 million on deposit at a major bank. In addition, FINRA determined that the second clause was a representation that these funds were free and clear of liens, had been legally earned and could immediately be utilized for the purchase of financial instruments; neither of these clauses was true, as the firm never had $100 million on deposit at any bank at any time.

The suspension is in effect from August 15, 2011, through February 14, 2012. (**FINRA Case #2009016323801**)

David Bruce Slagter (CRD #1998206, Registered Principal, Palos Heights, Illinois) submitted a Letter of Acceptance, Waiver and Consent in which he was suspended from association with any FINRA member in any capacity for four months. In light of Slagter's financial status, no monetary sanctions have been imposed. Without admitting or denying the findings, Slagter consented to the described sanction and to the entry of findings that he participated in private securities transactions without giving written notice to and receiving approval from his member firm before participating in the private securities transactions outside the regular scope of his employment with the firm. The findings stated that Slagter introduced firm customers and another individual to a principal of a mortgage processing company and the individuals invested in what were purportedly high-yield corporate bonds issued by the company, which were not firm-approved investments; the individuals invested a total of $490,599 in the bonds and lost approximately $475,599. The findings also included that Slagter engaged in an unapproved business activity by working as a loan originator for the mortgage processing company without notifying or requesting approval from his firm. FINRA found that Slagter trained mortgage representatives to use mortgage software that was owned by the company without requesting or receiving permission from his firm to engage in this outside business activity; Slagter earned $41,744 in compensation from the mortgage processing company while employed with his firm.

The suspension is in effect from September 6, 2011, through January 5, 2012. (**FINRA Case #2009018726502**)

Christopher P. Smith (CRD #4886942, Registered Representative, Beaumont, Texas) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Smith consented to the described sanction and to the entry of findings that he misappropriated approximately $231,000 from bank customers by completing credit

line advance request forms seeking withdrawals from customer accounts without the customers' knowledge or consent, withdrew the money in cash and used it to pay personal expenses or deposited it into his personal bank accounts. The findings stated that after some of the customers questioned the withdrawals, Smith reimbursed their accounts by making some unauthorized withdrawals from other customer accounts. The findings also stated that Smith pleaded guilty to misapplication of bank funds in the U.S. District Court for the Western District of Louisiana for stealing approximately $231,000 that was entrusted to the bank's care and control. (**FINRA Case #2009019838802**)

Gregory Kent Smith (CRD #1538308, Registered Representative, Tucson, Arizona) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Smith consented to the described sanction and to the entry of findings that he failed to fully cooperate with a FINRA investigation and failed to appear and provide testimony as requested. (**FINRA Case #2009017601501**)

Frank Stephen Sparger (CRD #1877647, Registered Representative, Norwood, North Carolina) submitted a Letter of Acceptance, Waiver and Consent in which he was fined $25,000 and suspended from association with any FINRA member in any capacity for three months and 10 business days. The fine must be paid either immediately upon Sparger's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Sparger consented to the described sanctions and to the entry of findings that he signed a customer's name on Individual Retirement Account (IRA) distribution forms authorizing the distribution of funds totaling $30,255; while the customer had requested these distributions, he had no knowledge that Sparger was placing his signature on these documents. The findings stated that Sparger placed customers' signatures on LOAs to transfer a total of $19,998 from their joint account to their self-directed retirement account; while the customers had requested the transfers, they did not know that Sparger was placing their signatures on these documents. The findings also stated that Sparger effected an unauthorized trade in the customers' joint account; Sparger purchased a $10,000 bond in their account without their knowledge or authorization. The findings also included that after Sparger effected the unauthorized trade, he telephoned one of the customers and informed the customer of the bond purchase; the customers did not approve Sparger's unauthorized trade in their account and they cancelled the bond purchase. FINRA found that Sparger effected an unauthorized trade in another customer's account; the customer instructed Sparger to purchase Class A or B shares of a mutual fund but Sparger did not follow the customer's instruction and instead purchased $21,500 of Class C shares of the mutual fund for the account, without the customer's knowledge or authorization. FINRA also found that Sparger effected unauthorized trades in the joint account of customers without their knowledge or authorization; Sparger was instructed to purchase one bond for $55,000 but instead, he placed separate orders at different interest rates for two bonds, $50,000 and $5,000,

respectively, without the customers' knowledge or authorization, and the customers did not approve the trade and the trades were cancelled.

The suspension is in effect from September 6, 2011, through December 19, 2011. (**FINRA Case #2008014426501**)

Grazyna Standowicz (CRD #4182595, Registered Representative, Chesterfield, Michigan) submitted a Letter of Acceptance, Waiver and Consent in which she was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Standowicz consented to the described sanction and to the entry of findings that she failed to respond to FINRA requests for information and documents. (**FINRA Case #2011026498601**)

Jeremy Nathan Swank (CRD #3168639, Registered Principal, Mansfield, Ohio) submitted a Letter of Acceptance, Waiver and Consent in which he was fined $5,000 and suspended from association with any FINRA member in any capacity for 10 business days. Without admitting or denying the findings, Swank consented to the described sanctions and to the entry of findings that his customer purchased $935,465.50 of an agency bond with Swank at a member firm, and approximately one week later, Swank received a complaint from the customer stating that he misunderstood the bond purchase. The findings stated that Swank sold the position for $933,595.14 and at the same time, the customer demanded $1,850 in realized losses on the transaction and $3,300 accrued interest. The findings also stated that in lieu of the customer making a formal complaint to Swank's firm, the customer and Swank entered into a verbal settlement agreement and Swank paid the customer approximately $5,150 in cash. The findings also included that Swank failed to advise his firm, orally or in writing, about the customer's complaint, the settlement or the $5,150 payment.

The suspension was in effect from September 19, 2011, through September 30, 2011. (**FINRA Case #2010021615501**)

Diana Y. Tao (CRD #4894006, Associated Person, Arcadia, California) submitted a Letter of Acceptance, Waiver and Consent in which she was fined $5,000 and suspended from association with any FINRA member in any capacity for two months. The fine must be paid either immediately upon Tao's reassociation with a FINRA member firm following her suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Tao consented to the described sanctions and to the entry of findings that she took the Series 6—Investment Company Products/Variable Contracts Limited Representative Qualifications Examination—and received a failing grade. The findings stated that according to the report from FINRA's PROCTOR® Delivery System, Tao altered the Proctor's Report to reflect that she had received a failing score higher than the failing score she actually received; Tao presented the altered report to her manager.

The suspension was in effect from August 15, 2011, through October 14, 2011. (**FINRA Case #2011027996201**)

Victor Topper (CRD #2228733, Registered Representative, Dallas, Texas) submitted a Letter of Acceptance, Waiver and Consent in which he was fined $20,000 and suspended from association with any FINRA member in any capacity for 180 days. The fine must be paid either immediately upon Topper's reassociation with a FINRA member firm following his suspension, or prior to the filing of any application or request for relief from any statutory disqualification, whichever is earlier. Without admitting or denying the findings, Topper consented to the described sanctions and to the entry of findings that he marked the closing price in a common stock traded on the Over-the-Counter Bulletin Board (OTCBB™) by transmitting buy orders to his firm's trading desk on his customer's behalf at the end of consecutive trading dates. The findings stated that Topper transmitted buy orders to his firm's trading desk that influenced the closing bid price of $5.01 in the stock on the trading days; establishment of the $5.01 closing inside bid facilitated the appearance of compliance with listing standards for potential listing of the stock on the NASDAQ Stock Market.

The suspension is in effect from August 15, 2011, through February 10, 2012. (**FINRA Case #2008012624201**)

Malleswara Rao Tuthika (CRD #5131117, Registered Representative, Bloomingdale, Illinois) was barred from association with any FINRA member in any capacity. FINRA did not seek restitution and restitution was not appropriate since Tuthika's member firm settled with the customers. The sanction was based on findings that Tuthika effected discretionary transactions in customers' accounts without the customers' prior written authorization or his firm's prior written acceptance of the accounts as discretionary. The findings stated that Tuthika recommended and effected mutual fund switches in customers' accounts without having reasonable grounds to believe that the transactions were suitable for the customers in view of the nature of the recommended transactions and in light of the customers' financial situation, investment objectives, circumstances and needs. (**FINRA Case #2008014242401**)

Ruben Velez (CRD #5248520, Registered Representative, East Setauket, New York) submitted a Letter of Acceptance, Waiver and Consent in which he was barred from association with any FINRA member in any capacity. Without admitting or denying the findings, Velez consented to the described sanction and to the entry of findings that he converted funds from two of his member firm's customers. The findings stated that in the first instance, Velez signed the customer's name on a withdrawal ticket in order to withdraw funds from the account. The findings also stated that in the second instance, Velez received a check from a customer intended to initially fund an IRA account; instead of using the check for its intended purpose, Velez cashed the check for his own personal use. The findings also included that in both instances, Velez did not have permission or authority from the customers or his firm to misappropriate the customer funds; these

transactions did not involve funds from an account held at a FINRA regulated entity. FINRA found that in total, Velez misappropriated $2,700 from the customers. (**FINRA Case #2010025242801**)

Bradley Keith Vercnocke (CRD #2582090, Registered Principal, Las Vegas, Nevada) was barred from association with any FINRA member in any capacity. The sanction was based on findings that Vercnocke willfully failed to disclose material information on his Form U4 and failed to respond to FINRA requests for information and testimony. The findings stated that Vercnocke failed to provide written notice to, or receive approval from, his member firm to engage in an outside business activity. (**FINRA Case #2008013101901**)

Patrick Thomas Walker (CRD #2107798, Registered Principal, Rahway, New Jersey) submitted a Letter of Acceptance, Waiver and Consent in which he was fined $5,000 and suspended from association with any FINRA member in any supervisory or principal capacity for 10 business days. Without admitting or denying the findings, Walker consented to the described sanctions and to the entry of findings that his member firm was issued a Letter of Caution following a FINRA examination, which advised of numerous deficiencies in the firm's WSPs; these deficiencies included maintenance of the firm's Form BD, prohibition of commission payments to non-registered entities, designation of an appropriately licensed principal for each of the firm's product lines, maintenance of WSPs at each OSJ, investigation into the qualifications of new hires, obligations of the firm when handling accounts of associated persons employed at other FINRA-regulated broker-dealers, timely providing account records to customers, prompt notification to regulators of deficiencies in required net capital, and prohibition of the sale of unregistered securities beyond the private offering's expiration dates. The findings stated that the Letter of Caution also indicated that the firm's WSPs were deficient with respect to Regulation S-P. The findings also stated that the Letter of Caution, although issued only to the firm, was delivered to Walker in his capacity as president and chief compliance officer of the firm; thus, Walker had notice of the deficiencies but failed to update and amend the WSPs to correct the deficiencies. The findings also included that a later FINRA examination disclosed the same deficiencies outlined in the Letter of Caution, but Walker failed to update and amend the WSPs to correct the deficiencies. In addition, FINRA determined that Walker failed to establish, maintain and enforce WSPs and supervisory control procedures in the cited areas to ensure compliance with applicable securities laws and regulations, including Regulation S-P.

The suspension was in effect from September 19, 2011, through September 30, 2011. (**FINRA Case #2008011724302**)

Mark Alan Weber (CRD #2322177, Registered Representative, Palm City, Florida) submitted a Letter of Acceptance, Waiver and Consent in which he was fined $5,000 and suspended from association with any FINRA member in any capacity for 10 business days. Without admitting or denying the findings, Weber consented to the described sanctions and to

the entry of findings that he exercised discretion in customers' accounts. The findings stated that although each of the customers had given Weber verbal authorization to use discretion in their accounts, Weber did not obtain the customers' prior written authorization or his member firm's written acceptance of the accounts as discretionary. The findings also stated that the firm did not permit discretion to be utilized in retail brokerage accounts.

The suspension was in effect from September 6, 2011, through September 19, 2011. (**FINRA Case #2008015184801**)

Kathryn Ann Winter (CRD #4523089, Registered Representative, St. Louis, Missouri) submitted a Letter of Acceptance, Waiver and Consent in which she was fined $12,500 and suspended from association with any FINRA member in any capacity for 180 days. Without admitting or denying the findings, Winter consented to the described sanctions and to the entry of findings that she participated in private securities transactions without providing prior written notice to her member firm describing in detail the proposed transactions and her proposed role, and stating whether she had received, or might receive, selling compensation in connection with the transactions. The findings stated that Winter solicited investments from customers of her firm on an entity's behalf; these customers subsequently invested $750,000 in the entity, which pooled money from investors in a common enterprise with the expectation of profit derived from others' efforts. The findings also stated that Winter failed to disclose these private securities transactions to her firm. The findings also included that Winter recommended to firm customers that they invest funds in the entity, without having reasonable grounds for believing that the recommendations were suitable for such customers, based upon the facts disclosed by such customers as to their securities holdings, and financial situation and needs.

The suspension is in effect from September 19, 2011, through March 16, 2012. (**FINRA Case #2011026378701**)

Complaints Filed

FINRA issued the following complaints. Issuance of a disciplinary complaint represents FINRA's initiation of a formal proceeding in which findings as to the allegations in the complaint have not been made and does not represent a decision as to any of the allegations contained in the complaint. Because these complaints are unadjudicated, you may wish to contact the respondents before drawing any conclusions regarding these allegations in the complaint.

Philip Mark Cain (CRD #2703720, Registered Representative, Corona de Tucson, Arizona) was named as a respondent in a FINRA complaint alleging that he induced customers to invest their funds in structured notes purportedly issued by a particular company, telling them to write checks for the investment in the name of an entity he created, the name

of which was similar to the name of his member firm and deposited the checks into an account he controlled in the name of the entity, thereby converting over $1.3 million. The complaint alleges that in order to avoid detection, Cain fabricated and sent to the customers false quarterly account statements purportedly from the company, reflecting supposed ownership of the notes and supposed accrual of interest on those notes; in reality, none of the customers had accounts at his firm and the account numbers were not actual firm account numbers. The complaint also alleges that some or all of the statements were sent through the U.S. Postal Service; Cain used the means and instrumentalities of interstate commerce (including but not limited to interstate banking facilities), and the mails, to perpetrate his scheme. Furthermore, the complaint alleges that Cain failed to respond to FINRA requests for information. (**FINRA Case #2011027099701**)

Jeffrey Scott Donner (CRD #2631248, Registered Principal, Weston, Florida) was named as a respondent in a FINRA complaint alleging that he executed transactions in the accounts of customers at his member firm without their prior knowledge, authorization or consent. The complaint alleges that Donner exercised discretion in a customer's account and effected securities transactions without the the customer's prior written authorization or his firm's written acceptance of the account as discretionary. The complaint also alleges that Donner's firm did not permit discretion to be utilized in retail brokerage accounts. The complaint further alleges that while Donner was registered with his firm, he exchanged business-related emails with customers, using a personal email account that the firm did not approve, and Donner did not forward to his firm any of the emails sent to or received from customers at his personal email address contrary to his firm's WSPs that require email communication between registered representatives and customers be reviewed by the firm. In addition, the complaint alleges that by using his personal email address to communicate with customers, Donner prevented his firm from accessing these customer communications and complying with its obligations to review correspondence between registered representatives and their customers. Moreover, the complaint alleges that by using his personal email address to communicate with customers and failing to forward the customer communications to his firm, Donner prevented the firm from complying with its recordkeeping requirements. (**FINRA Case #2009020228501**)

Brian Ray Eastridge (CRD #3178922, Registered Representative, Sedgwick, Kansas) was named as a respondent in a FINRA complaint alleging that he sold convertible bonds, which were not on his member firm's list of approved securities, to customers of his firm without seeking or obtaining his firm's permission. The complaint alleges that the transactions were not supervised by the firm, nor were the transactions on the firm's book and records; Eastridge, therefore, participated in a private securities transaction without providing his firm with prior written notice. The complaint also alleges that pursuant to the offering documents, the bond offerings were exempt from the registration requirements of Section 5 of the Securities Act of 1933 if they were sold to accredited investors and not through general solicitations but Eastridge sold the bonds to non-accredited investors. The complaint further alleges that Eastridge negligently misled certain firm customers by

providing them with material that he failed to recognize included the false representation that an investment in the convertible bonds was guaranteed to yield a certain interest on an annual basis, as well as confer an upfront bonus. In addition, the complaint alleges that Eastridge was negligent in telling certain customers they did not have to be an accredited or sophisticated investor to invest in the bonds even though the issuer's investment application indicated that the investment was suitable only for accredited and/or sophisticated investors. Moreover, the complaint alleges that Eastridge did not have a reasonable basis to believe that the convertible bonds were suitable for any investor, let alone that they were suitable for any of his customers. Furthermore, the complaint alleges that Eastridge conducted no independent inquiry on the investments, relying only on information he received either from the issuer or the issuer's selling agent, and Eastridge did not have a good understanding of how the issuer intended to make good on its guarantee that it would pay investors a certain interest on an annual basis. The complaint also alleges that Eastridge sent emails advertising his upcoming free dinner retirement workshops and made representations in his emails that he would discuss securities that guaranteed certain returns on investments which were false, exaggerated, unwarranted and misleading. The complaint further alleges that Eastridge neither sought nor obtained approval from a registered firm principal for the emails he sent advertising his upcoming workshops. (**FINRA Case #2009020675401**)

John R. Montague (CRD #1466653, Registered Representative, Mantua, New Jersey) was named as a respondent in a FINRA complaint alleging that he converted more than $160,000 from customers by soliciting them to make private investments with him outside of his member firm. The complaint alleges that the customers wrote personal checks to Montague with the understanding that he would invest these funds on their behalf; Montague merely deposited these funds into his personal account for his personal use and made no investments on the customers' behalf, thereby converting customer funds. The complaint also alleges that Montague provided some of the customers with a one-page document which summarized the terms of the purported investments and some with a copy of a stock certificate that indicated that Montague, not the customers, owned shares in the purported investment. The complaint further alleges that Montague provided a customer with an investment summary agreement to cover up his misconduct and claimed he would pay her dividends; the type of investment was not specified and the customer did not receive any statements or confirmations, other than the agreement. In addition, the complaint alleges that Montague wrote checks totaling, $1,125 payable to one customer from his own checking account but did not make any additional payments. Moreover, the complaint alleges that Montague failed to appear for a FINRA on-the-record interview. (**FINRA Case #2009018858601**)

Steven Mark Peaslee (CRD #2285838, Registered Principal, Alexandria, Louisiana) was named as a respondent in a FINRA complaint alleging that he participated in private securities transactions by soliciting individuals to invest approximately $399,850 in an offering to capitalize an entity through which Peaslee operated his securities business,

which Peaslee wholly owned. The complaint alleges that the offering purported to be issued in compliance with Rule 506 of Reg D of the Securities Act of 1933 (Reg. D), but no Regulation D documents were filed with the SEC, and Peaslee received no written representation from any of the investors that they met the requirements to be an accredited investor; Peaslee sold the offering to individuals, some of whom were customers of his member firm. The complaint further alleges that Peaslee failed to give written notice of his intent to participate in the sale of the offering to his firm, and failed to obtain his firm's written approval before engaging in such activities. In addition, the complaint alleges that Peaslee, in connection with investors' investment in the offering provided them with a PPM and subscription agreement documents for the offering in which he made misrepresentations and omissions. Moreover, the complaint alleges that in reliance on Peaslee's misrepresentations, the customers invested in the offering but have not received a scheduled interest payment for more than two years. Furthermore, the complaint alleges that Peaslee sold his business entity for $250,000; although this was a liquidity event for his entity under the terms of the PPM that should have triggered payment to the investors, they received no payment from these funds, and instead, Peaslee convinced the investors to convert their equity to debt, entering into promissory notes that pushed the date of repayment out until later dates. The complaint also alleges that Peaslee failed to establish an escrow account in the name of the issuer, which was his business entity, and no investor funds from the offering were ever held in an escrow account; rather, Peaslee deposited investor funds into the entity's operating account and immediately began making withdrawals. The complaint further alleges that Peaslee distributed investor funds before the minimum contingency was satisfied, thereby rendering the representations in the offering documents false and misleading. (**FINRA Case #2009020134201**)

Francisco Rodriguez (CRD #2784002, Registered Principal, Zion, Illinois) was named as a respondent in a FINRA complaint alleging that he arranged for a customer to take $10,000 from the customer's brokerage account, and to provide it as a loan to or investment in a construction business Rodriguez's relative operated. The complaint alleges that Rodriguez told the customer that he would receive a guaranteed annual return on the $10,000. The complaint also alleges that the customer gave the money to Rodriguez, who kept $5,000 of that money for himself instead of providing it to his relative's construction business, thereby converting his customer's funds to his own use. (**FINRA Case #2011027345701**)

Allan Anthony Scheer (CRD #2775825, Registered Principal, Melbourne, Florida) was named as a respondent in a FINRA complaint alleging that he made material misrepresentations regarding the returns on bank index-linked certificates of deposit to prospective customers. The complaint alleges that Scheer provided inaccurate information to the prospective customers and the misrepresentations were material as the rate of return would be considered significant by a reasonable investor considering whether to purchase the investment. (**FINRA Case #2009019330601**)

Firm Expelled for Failure to Pay Fines and/or Costs Pursuant to FINRA Rule 8320

Premier Group, Inc. (CRD #47346)
San Antonio, Texas
(August 23, 2011)
FINRA Case #2008011618101

Firms Cancelled for Failure to Pay Outstanding Fees Pursuant to FINRA Rule 9553

I.D.A. Financial Services, LLC (CRD #101880)
Woodland Hills, California
(August 30, 2011)

Meadowbrook Securities LLC (CRD #10578)
Jackson, Mississippi
(August 16, 2011)

Silvercrest Distributors LLC (CRD #139838)
New York, New York
(August 3, 2011)

Firm Suspended for Failure to Supply Financial Information Pursuant to FINRA Rule 9552

(The date the suspension began is listed after the entry. If the suspension has been lifted, the date follows the suspension date.)

Weston International Capital Markets LLC (CRD #130742)
New York, New York
(August 16, 2011)

Firm Cancelled for Failure to Meet the Eligibility or Qualification Standards or Prerequisites for Access to Services Pursuant to FINRA Rule 9555

Spyglass Securities, LLC (CRD #149881)
Chicago, Illinois
(August 11, 2011)

Individuals Revoked for Failing to Pay Fines and/or Costs Pursuant to FINRA Rule 8320

(If the revocation has been rescinded, the date follows the revocation date.)

Harold Edwin Bissett Jr. (CRD #858422)
New Bern, North Carolina
(August 3, 2011)
FINRA Case #2009016924901

Ryan Jeffrey Kirkpatrick (CRD #4459488)
Granbury, Texas
(August 9, 2011)
FINRA Case #2006004666601

Nathan Perry Lapkin (CRD #3130455)
Glen Rock, New Jersey
(August 17, 2011)
FINRA Case #2009017339801

Sammie Bernard Taylor (CRD #4542843)
Columbia, South Carolina
(August 17, 2011)
FINRA Case #2009018240401

Individuals Barred for Failure to Provide Information or Keep Information Current Pursuant to FINRA Rule 9552(h)

(If the bar has been vacated, the date follows the bar date.)

Erin Michelle Bell (CRD #5316645)
Scott, Louisiana
(August 22, 2011)
FINRA Case #2010025459801

Robert A. Blake (CRD #5020765)
Youngsville, Louisiana
(August 22, 2011)
FINRA Case #2010022211101

Nancy Smith Brannan (CRD #1065277)
Austin, Texas
(August 19, 2011)
FINRA Case #2010023820601

Joseph Michael Carrino Jr. (CRD #2563438)
Pompano Beach, Florida
(August 12, 2011)
FINRA Case #2010024021101

Patrick Michael Coleman (CRD #4001793)
Drexel Hill, Pennsylvania
(August 15, 2011)
FINRA Case #2009020084301

Emmanuel Tetteh Kpabitey (CRD #5539227)
Bronx, New York
(August 29, 2011)
FINRA Case #2011026262601

James Joseph Lesinski (CRD #1552051)
Glencoe, Illinois
(August 26, 2011)
FINRA Case #2010022834701

Paul Joseph Lumetta (CRD #5862603)
O'Fallon, Missouri
(August 1, 2011)
FINRA Case #2011026019401

Piotr Makuch (CRD #4916228)
Hempstead, New York
(August 8, 2011)
FINRA Case #2010023830901

Justin R. O'Connor (CRD #5459826)
Glen Ellyn, Illinois
(August 12, 2011)
FINRA Case #2010023506101

Stefan Latchezarov Petrov (CRD #2943568)
Sarasota, Florida
(August 26, 2011)
FINRA Case #2010021106901

Christopher Allen Queen (CRD #2556099)
South Ozone Park, New York
(August 12, 2011)
FINRA Case #2011026235601

John Joseph Ryan (CRD #1109643)
Cherry Hill, New Jersey
(August 12, 2011)
FINRA Case #2010025297601

James Gregory Shaw (CRD #2221056)
Glenelg, Maryland
(August 8, 2011)
FINRA Case #2009016774101

Harley Philip Springer (CRD #5018292)
Atlanta, Georgia
(August 19, 2011)
FINRA Case #2010023831001

Juan R. Toledo (CRD #4418973)
Carolina, Puerto Rico
(August 26, 2011)
FINRA Case #2010022820601

Individuals Suspended for Failure to Provide Information or Keep Information Current Pursuant to FINRA Rule 9552(d)

(The date the suspension began is listed after the entry. If the suspension has been lifted, the date follows the suspension date.)

Mario H. Aguilar (CRD #5770949)
Pico Rivera, California
(August 15, 2011)
FINRA Case #2011026467001

Eric Michael Bastardo (CRD #5511706)
Torrance, California
(August 22, 2011)
FINRA Case #2011027682001

Rex Dean Bland (CRD #2442941)
Enid, Oklahoma
(June 24, 2011 – August 2, 2011)
FINRA Case #2010022312901

Cynthia Diane Franke (CRD #1252575)
Hallandale, Florida
(August 8, 2011)
FINRA Case #2009019128701

Mikal Keahey Johnson (CRD #4988857)
Richardson, Texas
(June 16, 2011 – August 12, 2011)
FINRA Case #2009020417001

Edward Leonard Kosowicz (CRD #1277061)
Reno, Nevada
(August 22, 2011)
FINRA Case #2010021700401

Gabriel Mero Jr. (CRD #5681132)
West Covina, California
(March 10, 2011- August 8, 2011)
FINRA Case #2010024601701

Vincent Phillip Montenegro (CRD #4327295)
Shoreham, New York
(August 29, 2011)
FINRA Case #2010022907001

Jeffrey Dewayne Myers (CRD #3055584)
Fort Wayne, Indiana
(August 1, 2011)
FINRA Case #2010023612501

Samuel Walker Pile (CRD #4253211)
Nicholasville, Kentucky
(August 1, 2011)
FINRA Case #2010025729001

Patrick Joseph Rasp (CRD #4681887)
Ballwin, Missouri
(August 29, 2011)
FINRA Case #2011027731401

Shawn Patrick Reilly (CRD #3259364)
Congers, New York
(August 22, 2011)
FINRA Case #2011027826401

Lori A. Rinaldi (CRD #5045662)
Mount Prospect, Illinois
(March 28, 2011 – June 23, 2011)
FINRA Case #2010022532401

Robert Rodriguez (CRD #2383183)
Miami, Florida
(August 1, 2011)
FINRA Case #2011026553001

Danil Rymar (CRD #5652847)
Brooklyn, New York
(August 1, 2011)
FINRA Case #2010025571001

Charles William Schaser III (CRD #4777313)
Cincinnati, Ohio
(August 8, 2011)
FINRA Case #2011026293501

Wayne Edward Wolf (CRD #2756607)
Las Vegas, Nevada
(August 1, 2011)
FINRA Case #2011026196501

Van Gregory Zovluck (CRD #1487883)
Plantation, Florida
(August 29, 2011)
FINRA Case #2010021922201

Individuals Suspended for Failure to Comply with an Arbitration Award or Settlement Agreement Pursuant to FINRA Rule Series 9554

(The date the suspension began is listed after the entry. If the suspension has been lifted, the date follows the suspension date.)

Frank David Baudille (CRD #4782486)
Freehold, New Jersey
(August 23, 2011)
FINRA Arbitration Case #10-04549

Brett Eugene Bauer (CRD #1870883)
Eden Prairie, Minnesota
(August 24, 2011)
FINRA Arbitration Case #10-02308

George Thomas Bevins (CRD #844859)
Wayne, Pennsylvania
(August 24, 2011)
FINRA Arbitration Case #05-00015

Peter Joseph Bonnell III (CRD #1213039)
Medina, Ohio
(August 15, 2011)
FINRA Arbitration Case #11-00406

Paula Deanna Branum (CRD #1000475)
Grand Prairie, Texas
(August 15, 2011)
FINRA Arbitration Case #09-03902

John Edward Burke II (CRD #4510023)
Conshohocken, Pennsylvania
(August 30, 2011)
FINRA Arbitration Case #11-00645

Alfred Guy Cali (CRD #1713120)
Huntington Station, New York
(June 14, 2011 – August 5, 2011)
FINRA Arbitration Case #09-00352

Jerry Eaton Clark Jr. (CRD #4575973)
Orlando, Florida
(August 15, 2011)
FINRA Arbitration Case #10-03041

Richard Lyles Coale (CRD #1621905)
Cape May, New Jersey
(August 24, 2011 – September 22, 2011)
FINRA Arbitration Case #10-05005

Christopher Matthew Cunningham (CRD #2390800)
Alexandria, Virginia
(August 18, 2011)
FINRA Arbitration Case #10-01398

Nicholas C. Dito (CRD #4850362)
Staten Island, New York
(August 23, 2011)
FINRA Arbitration Case #10-05139

Lawrence Howard Joseph Foont (CRD #1888624)
Elmhurst, New York
(August 23, 2011)
FINRA Arbitration Case #09-05174

John Gouzos (CRD #5361604)
Valley Stream, New York
(August 24, 2011 – September 7, 2011)
FINRA Arbitration Case #09-00802

Juan Pablo Granja (CRD #4940977)
New York, New York
(August 15, 2011)
FINRA Arbitration Case #11-00049

Robert Alan Kantor (CRD #4330692)
Hackensack, New Jersey
(August 15, 2011)
FINRA Arbitration Case #09-05685

Steve G. Kelly (CRD #3241767)
Tucson, Arizona
(August 30, 2011)
FINRA Arbitration Case #11-00329

Lawrence Gary Kirshbaum (CRD #270856)
New York, New York
(August 23, 2011)
FINRA Arbitration Case #09-05174

Tom Wade Krag (CRD #2086848)
Franklin, Tennessee
(August 30, 2011)
FINRA Arbitration Case #10-05259

Stephen Craig Long (CRD #2278427)
Waller, Texas
(August 18, 2011)
FINRA Arbitration Case #10-01881

Patrick Daniel McDonnell (CRD #730710)
Narberth, Pennsylvania
(August 24, 2011)
FINRA Arbitration Case #05-00015

Michael Vincent Moutrey (CRD #4081970)
Redwood City, California
(August 23, 2011)
FINRA Arbitration Case #11-00131

Robyn Lynn O'Hara (CRD #2070198)
Snellville, Georgia
(August 15, 2011)
FINRA Arbitration Case #09-03902

James Allen Queen (CRD #1559196)
Calabasas, California
(August 23, 2011)
(FINRA Arbitration Case #10-05592

Donn Sanders (CRD #4365798)
Palm Beach Gardens, Florida
(August 24, 2011)
FINRA Arbitration Case #10-03475

Robert Paul Shigley (CRD #1678843)
Cary, North Carolina
(August 9, 2011)
FINRA Arbitration Case #10-02651

Robert Steven Swagger (CRD #3123602)
Paradise Valley, Arizona
(August 23, 2011)
FINRA Arbitration Case #10-02304

David Alan Witter (CRD #4519401)
Winter Park, Florida
(August 30, 2011)
FINRA Arbitration Case #10-05675

FINRA Fines Citigroup $500,000 for Failing to Supervise Sales Assistant Who Misappropriated Customer Funds

The Financial Industry Regulatory Authority (FINRA) announced that it has fined Citigroup Global Markets, Inc. $500,000 for failing to supervise Tamara Moon, a former registered sales assistant at the firm's branch office in Palo Alto, California. Over an eight-year period, Moon misappropriated $749,978 from 22 customers, falsified account records and engaged in unauthorized trades in customer accounts.

Moon took advantage of Citigroup's supervisory lapses at the branch and targeted elderly, ill or otherwise vulnerable customers whom she believed were unable to monitor their accounts. Moon's victims included elderly widows, a senior with Parkinson's disease and her own father. FINRA previously barred Moon for her actions and is continuing to investigate other individuals involved in the supervision of Moon.

FINRA found that Citigroup failed to detect or investigate a series of red flags that upon further inquiry should have alerted the firm to Moon's improper use of customer funds. The red flags included exception reports highlighting conflicting information in new account applications and customer account records reflecting suspicious transfers of funds between unrelated accounts. Citigroup also failed to implement reasonable systems and controls regarding the supervisory review of customer accounts, thus enabling Moon to falsify new account applications and other records.

Brad Bennett, Executive Vice President and Chief of Enforcement said, "Tamara Moon used her knowledge of Citigroup's lax supervisory practices at the branch to take advantage of some of the firm's most vulnerable customers, including the elderly. Citigroup had reason to know what she was doing and could have stopped her."

In one incident, Moon misappropriated nearly $80,000 from an elderly widow's account. An exception report highlighted two address discrepancies in the customer's account documents where the street address did not correspond to the city and zip code provided for the address and the telephone prefix did not match the zip code of the address. Moon, who had entered the account information, attempted to explain to Citigroup that the discrepancies arose because the client had moved to Arizona, an explanation that did not seem reasonable. Nonetheless, Citigroup accepted Moon's explanation without further inquiry, thus enabling Moon to continue her misappropriation of customer funds.

Citigroup also failed to detect suspicious activity involving transfers and disbursements in the accounts Moon used to misappropriate customer funds.

In another instance, Moon created an account in the name of a deceased customer even after Citigroup had been notified that the customer was deceased. Moon then created a fraudulent account in the name of the deceased customer's widow. Moon transferred $10,440 from the deceased customer's fraudulent account to the widow's fraudulent account. A few weeks later, Moon had checks issued for $5,000 and $2,500 from the fraudulent account set up in the widow's name to Moon's personal bank account.

In a separate incident, Moon transferred $150,000 from an account held by a customer to a fraudulent account Moon created in her father's name. Two days later, Moon transferred $90,000 from the fraudulent account in her father's name to an account Moon controlled. Citigroup's review of customer account records was deficient and prevented the firm from detecting red flags concerning Moon's misconduct.

In concluding these settlements, the firm neither admitted nor denied the charges, but consented to the entry of FINRA's findings.

FINRA Suspends and Fines Trader; Orders Restitution for Manipulative Trading that Artificially Impacted the Market Through a Concealed Account

The Financial Industry Regulatory Authority (FINRA) announced that trader Robert T. Bunda, of Frankfort, Illinois, has been suspended for 16 months, fined $175,000 and is required to pay restitution of $171,740 for engaging in manipulative trading activity including spoofing that artificially impacted the market price of a NASDAQ security.
Bunda attempted to conceal his improper trading activity through the use of one of his 11 undisclosed outside brokerage accounts.

Spoofing involves placing small limit orders at prices that improve the National Best Bid or Offer (NBBO) for a security, allowing the trader to take advantage of the improved prices by executing larger orders at another firm that offers execution guarantees at the NBBO. Once the larger order is executed at the artificially inflated price, the trader cancels the initial limit orders.

FINRA found that Bunda entered over 4,000 small share orders through his trading account at Great Point Capital LLC, his employer, to improve the NBBO for a NASDAQ security. After the market moved, Bunda entered a significantly larger order on the opposite side of the market to obtain a beneficial execution for his undisclosed personal brokerage account. After receiving the beneficial execution, Bunda cancelled a majority of the market moving orders he had entered through his Great Point account. Bunda engaged in a repeated pattern of spoofing to move the market for his own personal gain. In total, Bunda bought and sold shares in his undisclosed personal brokerage account in over 400 instances for an advantageous price gain of $171,740.

Thomas Gira, Executive Vice President, FINRA Market Regulation, said, "This case underscores FINRA's commitment to aggressively pursue disciplinary actions for manipulative trading schemes that undermine legitimate trading activity. Bunda's conduct was designed to artificially move the market for his own personal gain and demonstrates an unsuccessful attempt to conceal improper trading activity through non-disclosure of outside brokerage accounts."

In settling this matter, Bunda neither admitted nor denied the charges, but consented to the entry of FINRA's findings. The spoofing activity described above was referred to FINRA by NASDAQ's MarketWatch Department.

Bunda's suspension is in effect from June 6, 2011, through October 5, 2012.